

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

UNITED STATES OF AMERICA

2

vs.

• No. SA:18-CR-00603
• San Antonio, Texas
• October 9, 2019

BRADLEY LANE CROFT(1),
Defendant.

• October 9, 2019

* * * * *

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TRANSCRIPT OF BENCH TRIAL PROCEEDINGS (Volume 2)
BEFORE THE HONORABLE DAVID A. EZRA
SENIOR UNITED STATES DISTRICT JUDGE

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BENCH TRIAL PROCEEDINGS

(Wednesday, October 9, 2019, 9:21 a.m.)

* * *

COURT SECURITY OFFICER: All rise.

THE COURT: Please be seated.

COURTROOM DEPUTY CLERK: SA:18-CR-00603, United States
of America versus Bradley Croft.

THE COURT: Are we ready to proceed?

MR. SUROVIC: We are, Your Honor. Greg Surovic for the United States with Fidel Esparza. We're present and ready.

MR. MCHUGH: Tom McHugh and William Brooks for the defendant, Bradley Croft. We are ready.

THE COURT: And I understand you have a stipulation you'd like to present to the Court.

MR. SUROVIC: Correct, Your Honor. Yesterday the defense and the United States sat down and we were able to enter into a stipulation of fact concerning much of the testimony of the next witness. Essentially the first eight paragraphs of the superseding indictment have been stipulated to. I can read the stipulation to the Court, we can provide the stipulation to the Court.

THE COURT: Well, if we had a jury, Mr. Surovic, I would certainly have you do that, but we don't.

MR. SUROVIC: That's why I understand I was just going to ask the Court how you wanted to handle it.

25 THE COURT: Unless defense counsel would like to have

1 it read to me, I will read it myself.

2 MR. MCHUGH: No, Your Honor.

3 THE COURT: Why don't you just file the stipulation.

4 Why don't you outline generally -- what are the salient points?

5 MR. SUROVIC: Essentially, Your Honor, it outlines the
6 Veterans Administration program and how it operates and it
7 defines the G.I. Bill benefits and it goes into how they're
8 distributed and all. It talks about the statutes that control
9 the program. And most importantly for the government, it talks
10 about how payments through to satisfy G.I. Bill claims are
11 processed through a system that requires the transaction to go
12 across state lines.

13 THE COURT: Okay. Very good. Thank you. Does it
14 have an exhibit number?

15 MR. SUROVIC: Your Honor, it was filed as a document,
16 although I had Ms. Springs file it, so I don't know what the
17 document number is.

18 THE COURT: Let's give it a document number so we can
19 easily reference it later if you need to.

20 COURTROOM DEPUTY CLERK: It hasn't been docketed yet.

21 THE COURT: Let's just give it an exhibit number. It
22 hasn't been docketed, so let's give it an exhibit number.

23 MR. SUROVIC: Your Honor, our next exhibit number
24 would be --

25 COURTROOM DEPUTY CLERK: Forty-five.

1 MR. SUROVIC: Forty-five.

2 THE COURT: That's what we'll refer to it as for
3 purposes of this trial, Exhibit 45, the Court has accepted the
4 stipulation as facts proven beyond a reasonable doubt.

5 MR. SUROVIC: Thank you, Your Honor.

6 MR. MCHUGH: Thank you, Your Honor.

7 MR. SUROVIC: With that, Your Honor, we're ready to
8 call our next witness.

9 THE COURT: Okay.

10 MR. SUROVIC: At this time, Your Honor, we call
11 Mr. Patrick Dworakowski.

12 COURTROOM DEPUTY CLERK: Raise your right hand.

13 * * *

14 (*PATRICK DWORAKOWSKI, Government Witness, Sworn.*)

15 * * *

16 DIRECT EXAMINATION

17 BY MR. SUROVIC:

18 Q. Good morning, sir. Would you please state your full name?

19 A. Patrick Allen Dworakowski.

20 Q. Spell last name?

21 A. D-W-O-R-A-K-O-W-S-K-I.

22 Q. And how are you employed?

23 A. I work for the Department of Veterans Affairs.

24 Q. What do you do for the Department of Veterans Affairs?

25 A. I serve as the assistant director of the Oversight and

1 Accountability Division under the Education Service.

2 Q. Does that mean that you are familiar with the V.A.
3 Education Benefits Program?

4 A. Yes.

5 Q. Have you been called on before to testify about those
6 benefits?

7 A. Yes.

8 Q. You've also been able to review the file in this case
9 concerning claims filed by and paid to the Universal K-9
10 school, is that correct?

11 A. Yes.

12 Q. Before we go into the specifics of the Universal K-9, can
13 you tell us what is a school certifying official?

14 A. A school certifying official is an individual identified by
15 the school who is approved to receive G.I. Bill education
16 benefits. That person serves on behalf of the school to file
17 claims for tuition and fee payments for students that are
18 enrolled.

19 Q. And what form do they use in order to do that?

20 A. Form 22-1999.

21 Q. And who completes that form?

22 A. The school certifying official or the SCO.

23 Q. Where is that form sent to?

24 A. That SCO sends the forms usually through the V.A. once
25 electronic system and that goes to a processing office. In

1 this part of the country, that would be the Muskogee Regional
2 Processing Office.

3 Q. When the school certifying official fills out a 22-1999,
4 what are they certifying?

5 A. They're certifying the pursuit of education, so whether
6 that's part-time, full-time, etc., the amount of money it costs
7 to pursue that education, tuition and fees, the amount of hours
8 or credits and the time periods, start to finish.

9 Q. And in order to get to certify a 22-1999, does one have to
10 be approved by the Veterans Administration or some subagency of
11 the Veterans Administration?

12 A. So the SCO as identified by the approval program sends in
13 another form stating who that individual will be. At that
14 point the V.A. has that individual go through a number of
15 things, training as an example, one. From that point they're
16 entered into the V.A. systems and then the V.A. system
17 identifies that individual as a file, those 1999 forms.

18 Q. So would there be one process to certify the school and
19 then another process to certify the certifying official?

20 A. I wouldn't identify them as a process, but yes, there's two
21 distinct pathways here. You have to be an SCO and accepted by
22 the V.A. before you can file the 1999s.

23 Q. And once the 22-1999s are reviewed for completeness, what
24 happens to them then?

25 A. Upon receipt, the Regional Processing Office reviews them

1 and then enters information into the V.A. system which then
2 triggers the payment to the institution.

3 Q. And where do the payments normally come from?

4 A. Once they leave Muskogee, I'm going to say Chicago or
5 Jersey, there's a couple different locations.

6 Q. When the payments are made, they're made from federal
7 funds, allocated funds, is that correct?

8 A. Yes, taxpayer dollars.

9 Q. Do you recall in this instance where Universal K-9's bank
10 accounts were located?

11 A. I believe in Virginia.

12 Q. So they would have been transferred from one of those
13 places that you talked about to the bank in Virginia?

14 A. That's correct, sir, that's why I made the reference
15 earlier, depending on where you are in the country, different
16 offices.

17 Q. I'm going to show you a series of documents, we're going to
18 move through them fairly quickly, but first I want to show you
19 Government Exhibit Number 12a. This relates to count one of
20 the indictment. Can you tell me what this is?

21 A. I see 12a on the screen. First and last name of the
22 individual is C.P., is that correct?

23 Q. Correct. And this is an information sheet, is that
24 correct?

25 A. That's correct. This is a payment release document, it's

1 basically saying for this file for this individual student
2 payment was made to the institution.

3 Q. And it indicates the date -- what is date faxed to V.A.
4 mean?

5 A. In this case V.A. wants was it used, which is what I made
6 reference earlier, then a fax machine because of the time
7 period here of January 2018, it appears that this document was
8 faxed into the V.A. and at that point it was then received and
9 then processed for payment.

10 Q. And the payment released, amount paid to school is what?

11 A. \$12,500.

12 Q. And date payment released to school is?

13 A. January 12, 2018.

14 Q. This would be an individual by the name of -- first name
15 begins with a C, last name begins with a P and there's a file
16 number attached to that, is that correct?

17 A. Yes, sir.

18 Q. What would this file number relate to?

19 A. More than likely his or her Social Security number.

20 Q. And if we go to the second page of this, I apologize, it's
21 a little hard to see, can you tell us what this is?

22 A. Just based on the structure of the document and there's a
23 payment amount, it's going to be a 1999. Can we scroll down a
24 little bit? On the bottom left there would be an identifier
25 there, it would be a 22-1999.

1 Q. Okay. So this is what you were talking about before, the
2 22-1999 claim form?

3 A. Yes, sir.

4 Q. And this is, in fact, the claim form for the individual we
5 just talked about, the first name begins with a C, last name
6 begins with a P?

7 A. Yes.

8 Q. And can you tell which institution filed this form?

9 A. Can we reset the one I have in front of me? Right now it's
10 about this big.

11 (Pause.)

12 Q. I can provide you a hard copy.

13 A. That's probably better.

14 MR. SUROVIC: Your Honor, may I approach the witness?

15 THE COURT: Sure.

16 BY MR. SUROVIC:

17 Q. This is Government Exhibit 12a and that's the second page.

18 A. Because it says canine master training course and the time
19 frame, I'm looking for a facility code number as well, that's
20 an important part of how processed payments happen.

21 MR. MCHUGH: Your Honor, may I approach?

22 THE COURT: Sure, of course.

23 (Pause.)

24 A. Based on my review of the file and the total amount of
25 payments, this individual was a student at Universal K-9. Even

1 though I can't clearly identify the words here, I know that
2 that training course was at the Universal K-9. And the
3 facility code here which is -- can we go all the way to the
4 bottom please? Here 3-5, those are the codings that are in
5 line with Universal K-9.

6 Q. This would be for the individual that we talked about on
7 the first page?

8 A. C.P. We usually identify students that way, that's why I'm
9 using first initial, last initial.

10 Q. Sir, what was the amount of this claim?

11 A. \$12,500.

12 Q. Was that claim, in fact, paid?

13 A. It was.

14 Q. When was it paid?

15 A. On the date of the front cover there of the exhibit.

16 Q. That would be?

17 A. January 12, 2018.

18 Q. Very good. Let's go on to a matter related in count two of
19 the indictment. I'm going to show you Exhibit 12b. And again
20 can you tell us what this is?

21 A. This is acknowledgment of payment for a veteran D.M.A. is
22 the initials and the payment was made in \$12,500 on
23 January 22nd, 2018.

24 Q. Again it has a unique file number?

25 A. Yes.

1 Q. Relating to that particular --

2 A. Relating to the individual, yes.

3 Q. And if we go to page two, this one is a little easier to
4 read?

5 A. So at the bottom left, the facility code is listed and here
6 you can clearly see the Universal K-9, same facility code that
7 I made out in the other document.

8 Q. And that would be this number right here?

9 A. Yes, sir, bottom left right above the phone number.

10 Q. If you look at the bottom box over here, you can see that
11 that is the facility code and then right next to it on that
12 same line, it says Universal K-9, in fact.

13 So this 22-1999 would relate to the individual that's on
14 the first page of this document, is that correct?

15 A. Yes.

16 Q. And again what institution filed the form?

17 A. Universal K-9.

18 Q. Okay. And what was the amount of the claim?

19 A. \$12,500.

20 Q. When was it paid or was it paid?

21 A. Yes, it was paid January 22nd, 2018.

22 Q. Let's move to the document that relates to count three of
23 the indictment, Government Exhibit Number 12c. If I could ask
24 you to go through and identify the information on this again?

25 A. Here we have a student J.P.M., file number, the amount paid

1 to the school is \$12,500, was paid on January 22nd, 2018.

2 Q. And then if we open this up to page two, again to the
3 bottom, what institution was filing this claim?

4 A. I see Universal K-9, same facility, code number.

5 Q. Facility number again is the same?

6 A. Yes, bottom left, right above the phone number.

7 Q. So that tells you that Universal K-9 is the institution
8 that filed the form?

9 A. Yes.

10 Q. What amount was the claim?

11 A. \$12,500.

12 Q. Was this claim paid?

13 A. Yes.

14 Q. And when was it paid?

15 A. On January 22nd, 2018.

16 Q. Let's go to count four of the indictment, Exhibit 12d.

17 Again can you tell us what this is?

18 A. Name S.M.R., on January 23 -- sorry.

19 Q. Has a unique file number once again?

20 A. Unique file number.

21 Q. The reason I ask you that, sir, is because that's how we
22 identify it in the indictment.

23 A. Understood. In our system we have to have those file
24 numbers, so that's in line. The amount paid, \$12,500,
25 January 23rd, 2018.

1 Q. And once again if we go to page two, this is the 22-1999 --
2 well, scroll up so he can verify the name. This is for the
3 individual we just talked about, is that correct?

4 A. Yes.

5 Q. This is the 22-1999 and the bottom, what institution is it
6 in?

7 A. Universal K-9.

8 Q. There it's very easy to read, is that correct?

9 A. Yes.

10 Q. Was this claim actually paid?

11 A. Based on the front cover of this exhibit, yes.

12 Q. And then you indicated it was paid on January 23rd, 2018?

13 A. Yes.

14 Q. Let's go to count five of the indictment, Government
15 Exhibit Number 12e. Again can you tell us what this is?

16 A. Student W.J.H., payment on January 30, 2018, with the
17 unique file number in the amount of \$12,500.

18 Q. And if we flip to the second page, this is the 22-1999 that
19 relates to that payment, is that correct?

20 A. Same name, yes.

21 Q. And if we go to the bottom, what institution filed the
22 claim?

23 A. Based on the facility code, Universal K-9. It's the same
24 course as the prior, that's legible.

25 Q. Was that claim paid?

1 A. Yes, January 30th, 2018.

2 Q. Let's go to count six of the indictment, Government Exhibit
3 12f. Can you tell us what this is?

4 A. Individual D.A.L., unique file number, payment of \$12,500
5 on February 12, 2018.

6 Q. And if we go to the second page of this, is this the
7 22-1999 that applies to that student?

8 A. It is.

9 Q. And at the bottom can you tell us what institution filed
10 this claim?

11 A. Universal K-9.

12 Q. And was this claim paid?

13 A. Yes, on February 12, 2018.

14 Q. I show you what relates to count seven of the indictment
15 which is Government Exhibit Number 12g. Can we go through
16 this?

17 A. The name is T.K.E., unique file number, payment of \$12,500
18 on February 19, 2018.

19 Q. And if we go to page two, once again is this the 22-1999
20 that applies to that payment we just talked about?

21 A. Yes.

22 Q. And if we go to the bottom of that, what institution
23 submitted this claim?

24 A. Universal K-9.

25 Q. And was that claim paid?

1 A. Yes, on February 19, 2018.

2 Q. Next we have count eight of the indictment and that is
3 Government Exhibit 12h. Can you go through this again for us?

4 A. The name is N.H., unique file number, payment made \$6,500,
5 February 27, 2018.

6 Q. By the way, that date payment release to school, that's
7 actually when it was transmitted from the --

8 A. From the V.A., yes, sir.

9 Q. To the institution's banking account, is that correct?

10 A. That's correct.

11 Q. We go to the second page here. Is this the 22-1999
12 relating to that payment?

13 A. Yes.

14 Q. And if we go down to the bottom, what institution submitted
15 it?

16 A. Universal K-9.

17 Q. And was this claim actually paid?

18 A. Yes, on February 27th, 2018.

19 Q. Now, these are not the only claims that were filed by
20 Universal K-9 for G.I. Bill funds, is that correct?

21 A. That's correct.

22 Q. You reviewed all of the records concerning all of the
23 payments made by the Veterans Administration to Universal K-9,
24 is that fair to say?

25 A. That's fair to say.

1 Q. I'm going to show you Government Exhibit Number 13 and it
2 is a multi-page exhibit. Government Exhibit 13 you've examined
3 before, is that correct?

4 A. Yes.

5 Q. Does this list all of the payments made to Universal K-9
6 from the Veterans Administration?

7 A. It does.

8 Q. And it indicates name, the last four of the Social
9 Security, the other numbers of the Social Security has been
10 blacked out, is that correct?

11 A. Correct.

12 Q. And then the payment amount and payment date?

13 A. Yes.

14 Q. There are two other columns, but I don't think they come
15 into play in the first few pages. Let's just click through the
16 pages, shall we?

17 Go to the next to the last page, there are two students
18 here, there are a series of students that have nothing in the
19 payment -- or the date payment block. Some of them are zeroed
20 out and then there are some dates next to two of the students,
21 can you tell us what's going on there?

22 A. For student A.S.N., in the amount of \$6,500, one of a
23 couple things could have happened, the February date and the
24 March date there may have been two of the same submittals and
25 the V.A. would have only accepted one because once they review

1 the time periods, meaning the term start date, term end date,
2 they make that determination of what the payment is, whether
3 it's as submitted or variation thereof. For the next student,
4 A.D.S., July date and then July date again, so that could have
5 been one option. Another could have been that there was a
6 revision submitted by the SCO, so they submit one document and
7 then turn around and submit a second document that has
8 revisions. It might be a change of a date, might be the
9 spelling of a name, could be a course type, but in this case, I
10 would say because it's not a regular occurrence, it could have
11 been one of a couple things, but either way it was initiated by
12 the SCO. The V.A. wouldn't have initiated anything. The SCO
13 has to submit that 1999 to be paid.

14 Q. And then the last six students listed on the sheet, their
15 claims were not processed, is that correct?

16 A. That's correct.

17 Q. Now, if we go to the last page, there's a number on this
18 last page. Can you tell us what that number is and what it
19 means?

20 A. The \$1,506,758.31 is the total amount of money paid to this
21 institution in tuition and fees from the V.A.

22 Q. So the V.A. paid Universal K-9 \$1,506,758.31?

23 A. Yes.

24 MR. SUROVIC: No further questions, Your Honor.

25 THE COURT: All right. Counsel.

CROSS-EXAMINATION

1 BY MR. MCHUGH:

2 Q. Mr. Dworakowski?

3 A. Yes.

4 Q. You and I have never visited before, have we?

5 A. No.

6 Q. My name is Tom McHugh. I represent the defendant here in
7 the courtroom, Bradley Croft, have you ever met him?

8 A. No.

9 Q. And it is your testimony that you have testified before in
10 federal trials, is that correct?

11 A. Yes.

12 Q. In regard to this particular case, I'm referring to
13 Universal K-9 related 1999s, in regard to those, how many times
14 have you met with the government? How many times have you met
15 with the team here to discuss your testimony?

16 A. One time on the telephone.

17 Q. I'm sorry?

18 A. One time via telephone.

19 Q. One time by telephone?

20 A. Yes.

21 Q. Did you go through the same records that you're referring
22 to today?

23 A. The exhibits?

24 Q. Yes.

1 A. Yes.

2 Q. And did you have a copy and did they have a copy at the
3 time?

4 A. They have a copy.

5 Q. Do you know whether or not they had a copy when you were
6 engaged in your telephone conversation?

7 A. Yes, we established that there's going to be exhibits for
8 the hearing, we talked about 1999s.

9 Q. When did this meeting occur?

10 A. Four-ish weeks ago, I'd have to look at my calendar
11 specifically, but about a month ago.

12 Q. At or before the time of the indictment, let's say more
13 than a year ago you had not yet been contacted in this case,
14 correct, your office?

15 A. Not my office.

16 Q. And just for the record, if you could -- I believe you're
17 referring to a 1999 and is it a 22-99?

18 A. For?

19 Q. Well, the school certifying official?

20 A. Correct.

21 Q. What form is that?

22 A. I don't recall the number. We have so many different ones.
23 I want to say it's like an 8693. I apologize, I don't recall.

24 Q. You referred to form 22-1999, is that the form the
25 certifying official fills out?

1 A. That's correct, that's the most important one for an
2 institution to be paid.

3 Q. So give us a little -- in a little more detail describe the
4 form 22-1999?

5 A. Sure. The 22-99 is what's used by an institution who is
6 requesting tuition and fee payments from the V.A. Education
7 Benefits Service in order to educate education training
8 programs for veterans that are enrolled or beneficiaries
9 enrolled to use their G.I. Bill. Without a 1999 submitted,
10 they cannot be paid.

11 Q. And in regard to the -- what is a 2259?

12 A. I'd have to look it up. With all due respect, sir, there's
13 so many different forms that I don't keep a full catalog of
14 all, but I know the 1999 is the main document that an
15 institution submits through our processing.

16 Q. For the record, there is no "got you" here.

17 A. Fair enough.

18 Q. In regard to the school certifying official, you offered
19 some testimony on that as to who he is and how he achieves that
20 status. Could you do that one more time?

21 A. Sure. So the institution who is approved for education
22 training benefits to use the G.I. Bill must identify a school
23 certifying official. In some cases they identify more than
24 one. That individual has to sign a federal form, that's the
25 number I'm not recalling, that attests that they will follow

1 all the statutes, regulations, etc. That is submitted to the
2 V.A., we then enter that person's information into the V.A.
3 system. Without that person in the system, the institution
4 cannot use the 1999 to submit for payments. Part of the
5 requirement as an SCO is you have to go through a version of
6 training so you know how to use the forms and go through the
7 submittals.

8 Q. Exactly and that is my next question. The training, where
9 and how does that occur?

10 A. It occurs at a couple different ways. There's online
11 versions. Depending on what the institution is, where it's
12 located, etc., some institutions request in-person type of
13 support. There's State conferences that happen annually,
14 sometimes more than once and new school certifying officials
15 are able to at that point go line by line through different
16 questions that they have, so they actually have an in-person or
17 small group opportunity to learn how to use the processing for
18 the payments.

19 Q. And this is a person, an individual that the V.A. relies
20 upon in terms of information submitted by him as being truthful
21 and accurate, the certifying official?

22 A. That's what that individual signs up for, yes.

23 Q. That's what that is all about, correct? That's one
24 component to what a certifying official does?

25 A. It's one component.

1 Q. And in regard to the certifying official referred to
2 herein, what is his name? Do you know the certifying official
3 for Universal K-9?

4 A. I don't know names of certifying officials on a regular
5 basis, no.

6 Q. I'm not asking that. Can you tell by looking at the
7 exhibits that the government just went through with you,
8 Government Exhibit 12a I believe through 12h, the certifying
9 official on those, the certifying official is identified, is he
10 not?

11 A. He would have to be.

12 Q. Is he identified by a number and by a name?

13 A. So not by the number, the number is a facility code that
14 identifies the institution.

15 Q. That's right.

16 A. The name would be -- can we pull one of the exhibits back
17 up? Is it possible?

18 MR. MCHUGH: Let's go to 12a please.

19 MR. SUROVIC: Your Honor, in order to expedite things,
20 I think the government is willing to stipulate that the
21 certifying official for Universal K-9 was an individual by the
22 name of Richard Cook. I think that's where the defense is
23 going.

24 MR. MCHUGH: That is where we are going.

25 THE COURT: I'll accept the stipulation.

1 BY MR. MCHUGH:

2 Q. In regard to Mr. Cook, then the Department of Veterans
3 Affairs had confidence in him because it gave him this status
4 as a school certifying official, is that correct?

5 A. I would say that the government receives attestations by
6 individuals appointed by the institution who is going to submit
7 for tuition and fees. We don't then challenge that school
8 certifying official whether he or she is the most qualified
9 person.

10 Q. I am not ranking that. So in regard to this person, he is
11 identified as a Richard Cook. I take it you have never met
12 this school certifying official?

13 A. No, sir.

14 Q. What is his status today? As a school certifying official,
15 can you go from school to school or is it school specific?

16 A. School specific identified by the institution to the V.A.

17 Q. In regard to this school certifying official, do you know
18 whether or not he had been certified earlier for other
19 programs?

20 A. I don't know.

21 Q. Do you know whether or not he remains certified today?

22 A. If he would, he would have to be in an approved program and
23 he could be one of many school certifying officials. That
24 would be up to the institution that he now works for, if he
25 works for an institution.

1 Q. And in regard to -- I'm referring to counts one through
2 eight, so that's also Government's Exhibits 12a through 12h.
3 In reference to that information, was there any information
4 that as you went through the file and as you met with the
5 government that would suggest to you or cause concern to you
6 that any of those claims were bogus, undeserved?

7 A. This all begins with an approval. This institution was an
8 approved program, however --

9 Q. When did it become approved?

10 A. Prior to the dates of the submittals of the 1999s. I'm
11 sure there's a full timeline here that everyone is aware of,
12 sir. My point is the 1999 is just another federal form unless
13 you're an approved program. And we all know that that starts
14 with the State approving agency and then once submitted --

15 Q. And the State approving agency is who?

16 A. Texas, TVC.

17 Q. The Texas Veterans Commission?

18 A. Yes, in this case and in the State of Texas, so the fact
19 that this institution was approved allowed them to identify a
20 school certifying official which allowed them to submit 1999s
21 to request payment under the G.I. Bill.

22 Q. Okay. And you are the assistant director Department of
23 Veterans Affairs as it relates to education services?

24 A. Education Service, that's where all the G.I. Bill matters
25 come from.

1 Q. And so all the G.I. Bills, so in addition to this
2 opportunity that is offered to V.A. -- to the vets, what are
3 some of the others? So this is for a dog program, do you
4 oversee all the other programs?

5 A. Excellent question. Thank you for the question. So across
6 the country we have institutions of higher learning, we have
7 non-college degree programs, OJT and apprenticeships, we have
8 some accredited programs, some non-accredited programs.

9 Q. And your responsibility is over all of that?

10 A. Oversight and accountability of all of those programs as it
11 relates to --

12 Q. To education?

13 A. -- to education.

14 Q. And you have been doing that for how long?

15 A. Since fall of 2016.

16 Q. Have you had in regard to any claim submitted by Universal
17 K-9 and by the certifying official, Richard Cook, do you know
18 how many, other than what you referred to at the bottom where
19 they were not paid, were there others that were kicked back or
20 fell into some algorithm that caused -- because they looked
21 suspicious in any way?

22 A. There's a term that's used with systems and it's called
23 offload.

24 Q. Yes.

25 A. In these cases these were faxed documents, so they may have

1 not even made it into the system for an offload. The offload
2 would show me a record from the system, but those that were
3 never entered would not have.

4 Q. The indictment identifies the claim file number and so it
5 is your testimony that that may or may not relate to a Social
6 Security number?

7 A. Yes.

8 Q. Or does it relate to a Social Security number?

9 A. More than likely it does.

10 Q. Okay. And that is the Social Security of the applicant of
11 the V.A.?

12 A. Of the veteran or the beneficiary.

13 Q. And that is one way of tracking the veterans through your
14 system, by name and by Social Security number?

15 A. And date of birth and a few other personal identifiers,
16 yes, sir.

17 Q. And in regard to 12a, if we could bring that up again, I
18 believe that you had on 12a a payment date of January 12, 2018,
19 is that correct?

20 A. Yes.

21 Q. And so in the indictment, not a "got you", but in the
22 indictment there is a date January 17, 2018. Do you have any
23 idea what that date would represent?

24 A. It could be a difference in business days or weekends based
25 on when accounts receive funds versus the date that the fund

1 transfer begins. This date is specific to the government
2 system saying --

3 Q. We cut the check?

4 A. We cut the check, we transferred the funds.

5 Q. Do you have an explanation why the indictment --

6 MR. SUROVIC: Your Honor, I'm going to object. He's
7 asking a witness to testify about what's going on in my mind.

8 THE COURT: I don't know that counsel knows what's
9 going on in his mind. I don't think he can testify about it.

10 The objection is sustained.

11 MR. MCHUGH: That was a good objection, Your Honor.

12 BY MR. MCHUGH:

13 Q. Do you see anywhere on Exhibit 12a the date January 17,
14 2018?

15 A. Not on this exhibit, I did not.

16 Q. And so this date, the date the check is cut is your
17 testimony is January 12th --

18 A. Yes.

19 Q. Of 2018? So that is the check is cut before that date.

20 Let's, for instance, go to Government Exhibit 12d. And 12d has
21 a date of January 30th of 2018, is that correct?

22 A. The date payment release was January 23rd, 2018 if we're
23 looking at D.

24 Q. You're looking at file number 375 and you're looking at
25 12d?

1 A. Yes, sir.

2 Q. So the date on that is what?

3 A. The date payment released to school is January 23rd, 2018.

4 Q. And so that would be the date the check is cut. Now, go on
5 to Government Exhibit 12e. And what date do you see there?

6 A. The date payment released is January 30th, 2018.

7 Q. And go to Government Exhibit 12g. And is that a date of
8 February 19, 2018?

9 A. Yes.

10 Q. And that would be the date the check is cut. So as you
11 look at Government Exhibit 12g, would you have an explanation
12 for under that claim what event, if any, occurred earlier than
13 the date the check was cut, in particular February 16, 2018?

14 A. I'm not understanding. Are you asking me to --

15 Q. If Government Exhibit 12g --

16 A. Yes, sir.

17 Q. -- you have a payment date through your testimony of
18 February 19, 2018, correct?

19 A. Yes.

20 Q. Okay. By referring to Exhibit 12g, before that date,
21 February 16, 2018, do you see any event occurring that relates
22 to that payment?

23 A. For this individual?

24 Q. Yes.

25 A. Considering the date it was received by the V.A. was

1 February 3rd, anything from the period of the 3rd on through
2 the 19th could have been processing, it could have been
3 reviews, and that's on the V.A. side, that's all I can speak
4 to. What would happen on the 16th, I don't know, I don't have
5 a calendar in front of me, I don't know if that was even a
6 Federal holiday or anything else.

7 Q. Do you have any information with you regarding the school
8 certifying official, Richard Cook, did you bring those records
9 that relate to his form, is it 22-99 as certifying official,
10 his history or his training or anything?

11 A. I don't have any records with me.

12 Q. And how is the government and the taxpayers protected
13 against a person if they use, let's say, just a pseudo name,
14 they don't use their real name? Let's say it's somebody else
15 using Richard Cook's name, what does the government do?

16 A. We would go directly to the institution and hold them
17 accountable because they're the ones who submitted the
18 information. And the individual on behalf of the institution
19 signed a document forwarding their identifier as the school
20 certifying official.

21 Q. And your review of Universal K-9, were you asked to review
22 it for whether or not it was ever a subject? Did you ever
23 become aware that any of the listed veterans by their Social
24 Security number were not, in fact, that person in taking that
25 course?

1 A. I wasn't aware of that specifically, but I will say that
2 over the course of a fiscal year, we conduct over 4,000
3 compliance surveys across the nation.

4 Q. But in your compliance surveys, if it touched upon
5 Universal K-9, all the Social Security numbers came back to
6 veterans, did it not?

7 A. I can't answer that question because I don't know sitting
8 here --

9 Q. Because -- I cut you off.

10 A. I don't know sitting here which files, how many, at what
11 time, what interval were reviewed. We do review student files
12 and when we review the student files on site and/or through the
13 systems, there's obviously a cross check of that type of
14 information.

15 Q. A school facility may have its license suspended, may it
16 not?

17 A. Sir, a license is a different matter --

18 Q. Not a license.

19 A. Their approval?

20 Q. Their approval suspended.

21 A. They could have their approval suspended, yes, by the State
22 approving agency.

23 Q. And what are the grounds for suspension?

24 A. They're not in line with the statute or regulation.

25 Q. Okay. Please give an example?

1 A. An institution may have submitted an approval for a type of
2 modality. Case in point, an institution says we're going to
3 teach in residence, beneficiaries are going to come in, they're
4 going to be in these tables, chairs, etc., this is where
5 they're going to learn. However, the institution allows
6 students to work remotely, which is one example. Another could
7 be that they provide an address of one location and they turn
8 around and go somewhere else to perform the services.

9 Q. And in those instances, if they are real vets, but it does
10 not fit within the modality, is the institution paid?

11 A. Well, the institution --

12 Q. That the institution is aware?

13 A. The institution could be paid up to a point and that point
14 comes when there's a compliance survey or a targeted risk base
15 review done or another version of the V.A. officials sometimes
16 with, sometimes without the State approving agency going on
17 site doing our audits, our compliance surveys. And then
18 through findings, there's administrative actions that occur.

19 Q. What are the administrative actions?

20 A. Anything from referrals to the Office of Inspector General.

21 Q. Which happened in this case?

22 A. It happened in this case, yes, sir.

23 Q. Okay.

24 A. A collection of overpayments. One of the things the V.A.
25 does see is when an institution is receiving a regular tuition

1 and fee payment because think of an institution of higher
2 learning, they constantly have beneficiaries attending semester
3 courses. If there's an overpayment that's caught, we then
4 assess that institution for what they shouldn't have been paid
5 and it comes out of their next payment. It's similar also with
6 non-college degree programs that have reoccurring semesters, so
7 in that case it's a collection of overpayments. Another action
8 is called school liability and that deals with not just the
9 institution, but the veteran. An institution may have
10 submitted a 1999, made a claim that a veteran is attending
11 full-time, but in turn they're only attending part-time and
12 because the submittal then triggers the system that states this
13 veteran should receive their housing allowance at a certain
14 rate. Well, that's an overpayment, but the 1999 is what drove
15 that overpayment, so the V.A. would go back to the institution
16 again and hold them accountable for that liability.

17 Q. And that was a remedy and it was an option available to
18 Universal K-9, to go back and hold accountable, is that
19 correct?

20 A. I don't know that that's correct. In some cases like this
21 one, there are not options for just overpayments and school
22 liability opportunities. We go directly -- once we make that
23 referral to the Office of Inspector General, we don't then look
24 to work with the institution to try to recapture those
25 overpayments. We don't specifically -- we don't specifically

1 have a threshold that says if it's over ten dollars, if it's
2 over a hundred dollars, we don't take it that route. We look
3 at the seriousness of the matter and in this case there was a
4 referral made to the OIG.

5 Q. And that referral was based upon what?

6 A. That referral was based on a couple things. One, the
7 institution was approved and we questioned the approval mainly.
8 Two --

9 Q. And why would you question the approval?

10 A. We question every approval. As part of their V.A. -- as
11 part of our role, especially a new approval because I didn't
12 make a reference earlier, but for an institution to be approved
13 and identified in the system for payment, they have to have a
14 facility code. The V.A. provides that facility code.
15 Congress's intent was to have the State approve them and then
16 submit that paperwork to the government. The government then
17 issues basically their key so they can then submit for
18 payments.

19 Q. What other options -- in reference to this particular case
20 and the referral to OIG, which is the Office of the Inspector
21 General, is that correct?

22 A. That's correct, sir.

23 Q. And that happens from time to time, I take it?

24 A. It does.

25 Q. I take it not commenting on this case, but fraud does exist

1 out there?

2 A. That's correct.

3 Q. And a determination is made within the V.A. as to when and
4 under what conditions a referral is made?

5 A. That's correct.

6 Q. And in this case, the referral was made again, you said it
7 was subject, but they all are subject to an examination?

8 A. An examination.

9 Q. But beyond that, what tickled the system in regard to
10 Universal K-9?

11 A. So we have what's called a complaint system. It's a
12 feedback system that we use, it's available public facing.
13 That's one of the various components. At times we also in
14 conversation with our OIG partners, they also have systems that
15 they receive complaints that might be relevant to an education
16 case. We receive inquiries from as far up as the White House
17 regarding veterans. Compliance surveys, as referenced earlier,
18 I'd have to go back to my notes about the last compliance
19 survey that was conducted. We may leave a compliance survey
20 and then keep them on our radar for the next year because of a
21 finding or concern. Quick example, a concern could be a
22 turnover of a school certifying official, it could be
23 relocation --

24 Q. In this case, you do not know?

25 A. I'd have to go back to my notes.

1 Q. Do you have your notes with you?

2 A. I do not. I didn't bring them.

3 Q. Are they outside the courtroom?

4 A. No, I didn't bring anything into the courthouse.

5 Q. Are they available to you?

6 A. Yes.

7 Q. In regard to Universal K-9, you made some reference

8 regarding complaints. Did any complaints come in to your

9 office or across your desk as it relates to Universal K-9?

10 Would that be in your file?

11 A. It would be and that wouldn't -- to my office, yes.

12 Q. And it's my understanding, but you correct me, reading

13 government reports that there were no complaints that came in

14 to the V.A. from vets in particular, do you disagree with that?

15 A. Again I'd have to go back. The reason I'm on this point is

16 because that's one of the avenues that is pretty regular for

17 us. I'll stay on that point, sir, that more than likely

18 there's at least a complaint that came in. And there's a

19 difference in how they're looked at by different entities

20 because of --

21 Q. And could the complaint that came in or do you know whether

22 or not the complaint that came in was sourced from a veteran

23 or, say, from another government office or government agency?

24 A. I don't recall.

25 Q. And that can happen, can it not?

1 A. It can, yes, we have inter-agency relationships with
2 Department of Education, Department of Labor, Department of
3 Defense.

4 MR. SUROVIC: Your Honor, in order to save time, we're
5 willing to stipulate that this investigation actually got it
6 started by a complaint that was filed by Ms. Bebe Glasgow who
7 we've already heard some testimony about who was concerned
8 about the processes that Universal K-9 were using. I believe
9 it was filed through the OIG's office. Spoke to one of the
10 agents in another area in Dallas.

11 MR. MCHUGH: Well, that's very helpful.

12 THE COURT: All right. I'll accept the stipulation.

13 BY MR. MCHUGH:

14 Q. Were you aware of that? Do you know who Bebe Glasgow is?

15 A. I work with the agents, I don't work with all of their
16 staff and colleagues and things of that nature, I work directly
17 with an agent.

18 Q. So the answer is no?

19 A. I don't know --

20 Q. Do you know who the project analyst from the Texas Veterans
21 Commission assigned to Universal K-9, was one of those project
22 analysts a Bebe Glasgow?

23 A. I've got to guess that's a staff member of TVC which
24 they've had about a dozen and they've had their own turn-overs
25 over time.

1 Q. But personally you do not know that person?

2 A. No, I do not personally.

3 Q. To your knowledge, that person did not complain to you?

4 A. It wouldn't have come in to me directly. It would have
5 came into my office through various sources.

6 Q. And you're not able to testify today that you have any
7 recollection whether or not that ever came across your desk?

8 It's not a "got you".

9 A. No.

10 MR. MCHUGH: May I have one moment, Your Honor?

11 THE COURT: Sure.

12 (Pause.)

13 Counsel, is this a good time to take our short morning
14 recess?

15 MR. MCHUGH: Yes.

16 THE COURT: Let's do that instead of you guys trying
17 to chat.

18 COURT SECURITY OFFICER: All rise.

19 (10:19 a.m.)

20 * * *

21 (10:44 a.m.)

22 COURT SECURITY OFFICER: All rise.

23 THE COURT: Please be seated. All right, counsel, you
24 can proceed.

25 MR. MCHUGH: I'm just about finished.

1 BY MR. MCHUGH:

2 Q. Sir, is there a centralized databank that you would have
3 access to at the time where you can -- matters of fraud or
4 complaints would -- that you'd be able to access that?

5 A. Yes.

6 Q. And in regard to Universal K-9, other than the one referral
7 from TVC, I believe you said there was a complaint?

8 A. Yes.

9 Q. Okay. And just so it's your words and not my words, you
10 did a bit of homework here during the break, did you not?

11 A. Yes, sir.

12 Q. And what did you learn?

13 A. So as a background, I made a reference earlier about the
14 relationships we have across the federal government. Federal
15 Trade Commission I didn't make a reference earlier, but they're
16 one of the main ones. There's a database called the sentinel
17 database, they own it, however, we're a contributor along with
18 some other federal entities. We have what's called the PECS
19 system. Now it's called the feedback system. Either way, we
20 have over 11,000 plus complaints in that system since 2014.
21 And our staff reviews each of those as they come in on a
22 regular basis. There's file numbers attached to them, etc.

23 Q. And none is ignored?

24 A. None are ignored.

25 Q. If a complaint comes in, whether or not it is a valid or

1 worthwhile complaint, it's followed up on?

2 A. That's correct, valid or invalid, we have to pursue it.

3 Q. And that is done as a matter of practice for every
4 complaint that comes in?

5 A. That's correct.

6 Q. And what did you learn about -- during the break about
7 Universal K-9?

8 A. So identifying one specific we have a complaint from a male
9 student or beneficiary more appropriately stated who came to
10 the V.A. through the complaint system and made the statement
11 that he inquired about programming, never attending classes,
12 yet Universal K-9 did submit for payment to the V.A. for
13 services.

14 Q. Do you know the date of that complaint?

15 A. 2017, '18 period.

16 Q. You have access to it?

17 A. I have access, yes, we have an account number for that
18 complaint and everything else.

19 Q. And did you consider that account -- that complaint
20 actionable?

21 A. Yes, because the initial steps that we take which is to
22 contact the individual who files the complaint with their
23 contact information, it puts it into action at that point.
24 From that point, we do one of many things, so the answer is
25 yes.

1 Q. And what happened in this case?

2 A. This complaint led us to review anything from payment
3 documents with our Regional Processing Office as well as we
4 work out in the Muskogee office where we have staff, we did
5 make contact with OIG regarding this matter.

6 Q. And would you call that a referral?

7 A. I would call that a referral, yes.

8 Q. And is there a record of that referral?

9 A. We do not make the formal referral records that way. We
10 have a working relationship with agents across the country. I
11 speak with representatives in D.C. on a fairly regular basis
12 about concerns and cases.

13 Q. And so if it gets legs, I take it that that office will
14 call back and you'll --

15 A. Then we'll be notified, yes.

16 Q. And did that happen?

17 A. It did and then we are on standby to provide all documents
18 necessary.

19 Q. And did that event affect the -- at all the status of the
20 approval?

21 A. I'll say it may have. I can tell you that that's one of
22 our areas of concern is working with approved, suspended or
23 withdrawn programs back to the SAA and we have a regular
24 discussions with them about certain programs.

25 Q. And the certifying official, do you know who the school

1 certifying official would have been on that complaint?

2 A. No, I don't even know if the school certifying official was
3 listed. It was the beneficiary who was making the complaint.

4 Q. But the school certifying official, there would be a
5 follow-up in terms of it being actionable and you not ignoring
6 it?

7 A. I do not.

8 Q. So you do not know?

9 A. I do not know who the SCO was at that time.

10 MR. MCHUGH: May I have one moment, Your Honor?

11 THE COURT: You may, of course.

12 (Pause.)

13 MR. SUROVIC: Your Honor, counsel wants me to clarify
14 to make sure that I've spoken correctly and that the Court
15 understands. We had a stipulation earlier, the government
16 offered to the Court that the complaint that resulted in this
17 case arose from a complaint that was made by Ms. Bebe Glasgow.
18 I believe she was a former TVC employee at the time that she
19 made the complaint and it was directly to V.A. OIG, not through
20 Mr. Dworakowski's office.

21 THE COURT: He might be talking about a different
22 complaint.

23 MR. SUROVIC: He's just testified about a different
24 complaint, yes, Your Honor, that this complaint came through
25 the OIG office and was not the result of the one he just

1 testified about.

2 THE COURT: You mean the criminal action.

3 MR. SUROVIC: Correct, Your Honor.

4 THE COURT: All right.

5 MR. SUROVIC: That we are here on today.

6 THE COURT: That's fine. Thank you.

7 MR. MCHUGH: I have no further questions. Thank you
8 very much.

9 THE WITNESS: Thank you, sir.

10 REDIRECT EXAMINATION

11 BY MR. SUROVIC:

12 Q. Sir, I have one question for you. Counsel had asked you
13 about the veracity of the 22-1999s that were submitted for
14 Universal K-9 and asking you if there was anything fraudulent
15 in them, I believe. And you made a reference to the
16 application -- the approval process through the State. Could
17 you tell us what you meant when you said that?

18 A. So when an approval application is submitted to the State
19 approving agency, all documents within have to be true and
20 accurate as submitted because if it's not, then the State
21 approving agency on behalf of the V.A. cannot make a decision
22 that's accurate. The application upon review -- give me just
23 one second.

24 (Pause.)

25 Q. Let me ask you this, sir, if there were false statements

1 made in the course of the application, would that affect the
2 validity of the 22-1999s?

3 A. Yes, it would impact it directly because if a program can't
4 be approved or if it's not approved you can't file a 1999,
5 process then doesn't exist. So it all comes back to the basics
6 of an approval through the application of a program. Once a
7 State approving agency approves a program, the V.A. reviews it,
8 provides the facility code, then the process for submission of
9 tuition and fees can occur.

10 Q. Under the federal rules for non-degree, non-certificate
11 programs, there is a requirement, is there not, to submit and
12 identify who is going to be the instructors and what their
13 certifications are?

14 A. Under section 3676, there is a specific identifier that
15 instructors, credentials, their education, their experience,
16 their names, of course, have to be submitted. Those are the
17 ones who the institution is stating to the SAA will carry out
18 these services.

19 Q. And if an individual is fraudulent in making his
20 application to the State agency on that in the original
21 application to get approval, then all of the 22-1999s that
22 follow as a result of that approval would also be fraudulent,
23 is that correct?

24 A. That's correct.

25 MR. SUROVIC: No further questions, Your Honor.

1 THE COURT: Okay.

2 MR. MCHUGH: I object to the conclusion of law there,
3 Your Honor. I have no questions.

4 THE COURT: What conclusion of law?

5 MR. MCHUGH: As to what is a criminal fraud. That's a
6 legal opinion. He can talk about the acts, but his conclusion
7 I object to.

8 THE COURT: I think he was talking about what he was
9 investigating. And what he reached as his conclusion is not
10 going to drive me.

11 MR. SUROVIC: No, Your Honor. The Court is certainly
12 able to evaluate the evidence and figure out --

13 THE COURT: It might be different if we had a jury.
14 Anything else for this witness?

15 MR. SUROVIC: No, Your Honor. We request that he be
16 permanently excused to go to Washington, D.C.

17 THE COURT: Yes, he can be excused.

18 THE WITNESS: Thank you, sir.

19 * * *

20 MR. SUROVIC: Your Honor, there is a stipulation of
21 testimony and it would be appropriate probably at this time to
22 read the stipulation of testimony. It has also been filed, it
23 is document number 98, I don't know if you want me to read it
24 to you or not.

25 THE COURT: You can.

1 MR. SUROVIC: It's short. It's a stipulation of
2 testimony concerning Ms. Kathleen Davis.

3 My name is Kathleen Davis, I am employed as the Retail
4 Payments Office of Business Application Delivery Director at
5 the Federal Reserve Bank of Atlanta. Part of my duties is to
6 maintain records for the institution and act as records
7 custodian. I also oversee payment related matters that include
8 automatic clearinghouse, ACH, transactions. The electronic
9 fund transfers referenced in this indictment involving
10 Universal K-9 were initiated by an electronic approved message
11 sent from the United States Department of Treasury in Kansas
12 City, Missouri. That transmission was sent to the Federal
13 Reserve Bank National ACH clearinghouse in New Jersey and then
14 to the Federal Reserve Bank in Atlanta, Georgia and processed
15 through the ACH electronic payment network located in
16 Winston-Salem, North Carolina. That resulted in an electronic
17 transfer of funds from the Federal Reserve Bank in Atlanta,
18 Georgia to Wells Fargo Bank at their Electronic Routing Center
19 in Minneapolis, Minnesota. Finally, Wells Fargo Bank credited
20 the Universal K-9 account in Virginia and made those funds
21 available. Each electronic payment traveled in interstate
22 commerce.

23 THE COURT: All right. The Court will accept the
24 stipulation of the parties and you should give a copy to her.

25 MR. SUROVIC: Yes, sir, will do.

3 MR. SUROVIC: Okay, Your Honor, that would be --

4 COURTROOM DEPUTY CLERK: It's 46.

5 MR. SUROVIC: Exhibit Number 46. And Your Honor, with
6 that, our next witness will be Mr. Stephen Peek.

7 THE COURT: We're not going to get very far with him,
8 but we might as well start because I have to break, as you
9 know.

10 MR. SUROVIC: Yes, sir.

11 |||| COURTROOM DEPUTY CLERK: Raise your right hand, sir.

* * *

13 || (STEPHEN PEEK, *Government Witness, Sworn.*)

14 * * *

DIRECT EXAMINATION

16 | BY MR. SUROVIC:

17 Q. Sir, would you please state your name?

18 A. Henry Stephen Peek.

19 Q. And how do you spell your last name?

20 A. P-E-E-K.

21 Q. Approximately -- what city do you live in?

22 A. Canyon Lake, Texas.

23 Q. And how are you employed?

24 A. Right now I drive a truck.

25 Q. Have you ever worked or been a dog trainer in a dog

1 training business?

2 A. Yes, sir.

3 Q. Could you describe for the Court your history as a dog
4 trainer?

5 A. I started working with Global Training Academy, I went
6 through their handlers program. I also went through their
7 trainer's program. I worked overseas through them, training
8 mine dogs.

9 Q. When you say mine dogs, that's dogs that can find
10 landmines?

11 A. Yes, sir.

12 Q. Okay.

13 A. When I came back from there, I was going to try to get on
14 with a company called Ronco. Unfortunately, that fell through
15 for mine dogs. Then I got on with a company called AK-9I in
16 Virginia, training the IED dogs for the Marine Corps. That
17 contract transferred to K2 solutions in North Carolina. And I
18 went there and I worked there for about five years. I came
19 back here, drove a truck for a while, got on with Brad. And
20 after that, I worked for a company in Alabama for about a
21 month, just working with getting dogs ready for TSA and stuff
22 like that.

23 Q. All tolled, how many years do you think you've worked in
24 the dog training and dog handling business?

25 A. All tolled, probably about eight to nine years.

1 Q. What type of things did you do with the dogs? Were you
2 primarily training dogs or training people to work with dogs?

3 A. Both.

4 Q. What type of things would you train them to do?

5 A. I trained straight detection dogs for finding both drugs
6 and explosives. I trained mine dogs. My specialty was
7 imprinting.

8 Q. Can you tell the Court what imprinting means?

9 A. Imprinting is basically teaching the dogs and owners what
10 they're supposed to find.

11 Q. What other type of training did you find?

12 A. We trained handlers as well. I trained mine dog handlers
13 over in Sri Lanka. When I came back and was working for the
14 IED program, I was training military handlers to handle their
15 dogs overseas.

16 Q. How did you meet -- do you know Brad Croft?

17 A. Yes, I do.

18 Q. Is he present in court today?

19 A. Yes, he is.

20 Q. Could you point him out, identify him for the Court?

21 A. Sitting right over there.

22 THE COURT: The one with the leather jacket?

23 THE WITNESS: Yes, sir.

24 THE COURT: I'll note the identification.

25 MR. SUROVIC: Thank you, Your Honor.

1 BY MR. SUROVIC:

2 Q. How did you meet him?

3 A. Brad contacted me, started contacting me through Linked In
4 and things of that nature. And then he called me while I was
5 still working on the contract in North Carolina.

6 Q. Do you know how he found out your name?

7 A. The best way I can say, sir, is he talked to someone at
8 Global Training Academy in San Antone. That's the best way I
9 can know how he found me.

10 Q. When he first reached out to you, what did he want?

11 A. He started talking to me about he wanted -- he was doing
12 different things. He was very interested in trying to get the
13 V.A. contract for training ex-military coming out of the Corps
14 and basically wanted me to help him teach his class.

15 Q. Do you recall approximately when that was?

16 A. Not exactly, sir. The phone call that I can remember, it
17 was sometime in 2014. We did have some correspondence before
18 that. As his attorney showed me yesterday, because I had
19 forgotten about it basically through Linked In, but the actual
20 phone calls and stuff, to the best of my knowledge, started
21 around 2014, maybe toward the end of 2013.

22 Q. What did Mr. Croft tell you about his business?

23 A. Basically that he was a nonprofit, but that he was trying
24 to start the V.A. program.

25 Q. Did he tell you how his business operated and who was the

1 owner?

2 A. As far as I know --

3 Q. Financial situation?

4 A. -- he told me that he was the owner, the nonprofit part he
5 was telling me about he trained -- got dogs from the pound and
6 stuff like that, rescue dogs and was training them and giving
7 them to the police forces.

8 Q. Did you have any concerns about him using dogs from the
9 pound?

10 A. Some, yeah. I have never really up until then never worked
11 with dogs from the pound.

12 Q. What type of concerns would you have about getting dogs
13 from the pound?

14 A. They just didn't have the drive or the desire or the
15 ability to do the job.

16 Q. What type of things do you look for when you're looking for
17 a dog that can be trained to be a working dog, a service dog?

18 A. I look for a dog that's willing to stay out and search for
19 things for extended periods of time. I look for dogs that have
20 a strong drive as far as toward their toy or a reward. That's
21 initially what I look for. I look for dogs that have stamina,
22 that can stay with the course.

23 Q. Did you express these concerns to Brad Croft?

24 A. I told him I wasn't real sure about, you know, the rescue
25 dogs, that I never worked with them before.

1 Q. Did you actually start working with Brad Croft?

2 A. Yes, sir, I did.

3 Q. When did that happen?

4 A. That happened around February of 2016.

5 Q. And what were you doing for him?

6 A. Initially we were -- I was helping him train -- finish
7 training some of the dogs that he had there. I did teach one
8 class there. Once we got through with that, we started a new
9 group of dogs and that's when I kind of realized that no matter
10 what I did I wasn't going to be able to do it the right way, so
11 I left.

12 Q. How much was Mr. Croft supposed to pay you for your work?

13 A. Thousand dollars -- sorry?

14 Q. Was it a regular payment or was it based on students or
15 based on the dogs?

16 A. Initially he talked about a percentage off each student
17 that went through the class and I told him I couldn't do that.
18 And then he paid me a weekly pay.

19 Q. What was your weekly pay?

20 A. Thousand dollars a week.

21 Q. And did you get anything extra for working the dogs as well
22 as teaching the class?

23 A. No, it's straight base salary.

24 Q. How many dogs did you work with while you were there?

25 A. When I first got there I don't remember the exact amount of

1 dogs, he probably had ten or 12 dogs there. We were getting
2 them ready for that class. There was six dogs in the class
3 that I taught and then after that he acquired some more dogs.
4 And honestly, I can't tell you the exact amount, I don't
5 remember.

6 Q. How many students were in the class that you taught?

7 A. It was six.

8 Q. Six dogs and six members of the class?

9 A. Yes.

10 Q. How long do you think you worked for Mr. Croft?

11 A. About three to three and a half months.

12 Q. While you were working for him, who was running the
13 business?

14 A. Mr. Croft.

15 Q. Did you meet any other employees there?

16 A. I met someone that was introduced as basically his partner.

17 Q. And who was that?

18 A. Rick. I'm sorry I don't remember his last name. His first
19 name was Rick.

20 Q. Okay. Anybody else working there?

21 A. When I first met Brad he had another gentleman that was
22 working with him when I met him at the Canyon Lake Animal
23 Shelter, but I think that gentleman left right after that and I
24 never worked with him while I was working with Brad.

25 Q. Who was teaching the classes other than you?

1 A. Brad.

2 Q. You and Brad. You've ever heard the name Richard Cook,
3 would that be Rick?

4 A. Yes, that's Rick, right.

5 Q. And he was introduced to you as his partner?

6 A. Yes, sir.

7 Q. What did Mr. Cook do for the company?

8 A. I think he just helped do a lot of the business side of it,
9 I guess would be the best way to put it.

10 Q. When you were working there, were you training veterans at
11 that time?

12 A. No, sir, I never trained one veteran for them.

13 Q. So this was prior to him getting his certification for
14 teaching veterans?

15 A. Yes.

16 Q. You ever met an individual by the name of Anthony Ward?

17 A. No, sir, not to the best of my knowledge.

18 Q. When you were working for Mr. Croft, where was the school
19 being operated out of?

20 A. Basically everything was out of his house at that point in
21 time. I did help him put the kennel in there behind the
22 plumbing supply and then after that -- but the class itself we
23 were still operating basically out of his house when we had
24 class.

25 Q. And where would the dogs be stored at his house?

1 A. In his garage.

2 Q. Was it --

3 A. They were in air kennels.

4 Q. Could you describe your working relationship with
5 Mr. Croft?

6 A. It was actually pretty good up until we started training
7 the last group of dogs that I worked with him. And I was
8 trying to show him the methods that we use for imprinting the
9 dogs and we went through one trial, one set of repetitions and
10 his explanation to me is it takes too long and we're not doing
11 it that way, so that's when I left.

12 Q. Did you have any discussion with Mr. Croft concerning what
13 his qualifications were to be a dog trainer?

14 A. As far as I know, he doesn't have any.

15 Q. To your knowledge, was he ever in the military?

16 A. No, sir, not that I know of.

17 Q. To your knowledge, was he ever in law enforcement?

18 A. Not that I know of.

19 Q. He never told you that he had been through dog training
20 courses or anything like that.

21 In your discussions with him about how to imprint dogs, did
22 he seem to understand what you were talking about?

23 A. To a point, yes. I think he probably picked up little bits
24 here and little bits there from different people he worked
25 with. I don't think he had the full concept of how to train a

1 dog, no.

2 Q. And he felt that your method was taking too long and that
3 was where the relationship broke down?

4 A. Right. My understanding was he hired me for my knowledge
5 and experience.

6 Q. But he wasn't taking your advice?

7 A. Exactly.

8 Q. Did you ever agree to be a director for Universal K-9?

9 A. No, sir.

10 Q. I'm going to show you Government Exhibit Number Four. This
11 is the certified records from the Secretary of State's Office
12 for Universal K-9.

13 A. Okay.

14 Q. And this is Universal K and then nine is spelled out. I
15 know sometimes it's different.

16 A. Right.

17 Q. And if we turn to the second page, this is a certificate of
18 formation for a nonprofit corporation. Do you see that?

19 A. Yes, sir.

20 Q. This was filed May 29, 2015, is that correct? Do you see
21 the stamp?

22 A. Yes, sir, I see it.

23 Q. Who is the registered owner of this or who is the
24 registered agent of this business?

25 A. Richard Cook.

1 Q. And then we go down to the bottom, Article Three Management
2 and it talks about directors, is that correct? The management
3 of the affairs --

4 A. Right, right.

5 Q. First director there is who?

6 A. Richard Cook.

7 Q. And if we turn the page there, who is the second director?

8 A. Anthony Ward.

9 Q. And who is the third director?

10 A. Me, Steve Peek.

11 Q. Did you ever serve as a director for this nonprofit
12 corporation?

13 A. No, sir.

14 Q. Did you ever have any meetings with Mr. Cook or Mr. Ward in
15 order to conduct the business of this?

16 A. No, sir. The only thing we ever did basically was sit
17 around the kitchen table and talk about training the dogs.

18 Q. Who made all of the management decisions for --

19 A. Mr. Croft.

20 Q. Who had control of the money for Universal K-9?

21 A. Mr. Croft.

22 Q. I want to show you Government Exhibit Number 6h. Let's go
23 to page three of this. This is an application that was made to
24 the Texas Veterans Commission?

25 A. Yes, sir.

1 Q. And if we look at page three, there is a box here?

2 A. Yes, sir.

3 Q. "List all partners or if a corporation all officers,
4 directors and trustees." Do you see that box?

5 A. Yes, sir.

6 Q. Who is listed in that box?

7 A. Richard Cook, president; Anthony Ward, secretary; myself,
8 Steve Peek, as treasurer.

9 Q. You're listed as a treasurer there, is that correct?

10 A. Yes, sir.

11 Q. Were you ever the treasurer for Universal K-9?

12 A. No, sir.

13 Q. Let me ask you this. We just looked at the document, the
14 registration that said you were a director, did you ever
15 discuss with Mr. Cook being a director or being a treasurer?

16 A. No, sir.

17 Q. Did you ever perform any functions --

18 A. No, sir.

19 Q. -- concerning Universal K-9?

20 A. No, sir.

21 Q. I notice you indicated there are three names there. Is
22 Mr. Croft's name listed anywhere as officer or owner or
23 anything like that?

24 A. No, sir. No, sir.

25 Q. Does this accurately reflect the management situation at

1 Universal K-9?

2 A. No, sir.

3 Q. Let's take a look at Government Exhibit Number 23. This is
4 an income tax return and if we can go to -- this is an income
5 tax return for Universal, income tax return for Universal K-9
6 for the tax year 2016. Do you see that?

7 A. Yes, sir.

8 Q. And let's go to page ten. Let's go back to the beginning.
9 You can see in part five, that first block there, can you read
10 the names, "List all officers, directors, trustees, foundation
11 managers and their compensation"?

12 A. Richard Cook, president; Steve Peek, secretary, Anthony
13 Ward, treasurer. And no compensation for any of them.

14 Q. It indicates that you worked an average of ten hours per
15 week at that position?

16 A. Yes, sir.

17 Q. Here you're listed as a secretary, is that correct?

18 A. That's what it says.

19 Q. Did you ever talk to anybody, Mr. Cook or Mr. Ward or
20 Mr. Croft about being the secretary?

21 A. No, sir.

22 Q. How did your duties as secretary differ from your duties as
23 treasurer?

24 A. I don't know, I didn't have one.

25 Q. And did you get compensated at all for being an officer of

1 the company?

2 A. No, sir.

3 Q. But you did receive a thousand dollars a week?

4 A. Yes, sir.

5 Q. And that's not reflected here, is it?

6 A. No, sir.

7 THE COURT: What was your thousand dollars a week for?

8 THE WITNESS: Training dogs and handlers.

9 THE COURT: And you specifically contracted to do that
10 for a thousand dollars a week?

11 THE WITNESS: Yes, sir.

12 THE COURT: You didn't have any other duties?

13 THE WITNESS: No, sir.

14 THE COURT: Did you perform any other duties?

15 THE WITNESS: Nothing other than the one time where we
16 went to Vegas to --

17 THE COURT: Convention.

18 THE WITNESS: Convention, right. And then it was just
19 talking to people that came to the booth.

20 THE COURT: For purposes of the dog handling.

21 THE WITNESS: Right.

22 BY MR. SUROVIC:

23 Q. I'm going to ask you to take a look at Government Exhibit
24 Number 24 now. This is a tax return. We'll go to the first
25 page. Again for Universal K-9, this is for tax year 2017, is

1 that correct?

2 A. Yes, sir.

3 Q. And if we could flip through the pages here, same page --
4 go back. Can you read this up there?

5 A. Yes, sir.

6 Q. Okay. Now this is for the next tax year, 2017. Were you
7 working for Universal K-9 in 2017?

8 A. No, sir.

9 Q. You only worked there for three months, is that correct?

10 A. Yes, sir, about three, three and a half months.

11 Q. Here is the same information as listed for the first year,
12 is that correct?

13 A. It seems to be, yes, sir.

14 Q. And again you've never had any discussion with him about
15 being a secretary?

16 A. No, sir.

17 Q. Since you left Universal K-9, since you completed that
18 course and you had the disagreement with Mr. Croft, have you
19 had any involvement with Universal K-9?

20 A. No, sir.

21 Q. Have you had any contact with Mr. Croft since then?

22 A. No, sir. Other than after I left I went back and took him
23 the T-shirts back and he gave me my last check. Other than
24 that, I haven't spoken to Mr. Croft.

25 Q. You indicated you were getting paid a thousand dollars a

1 week. How much do you think you got paid during the entire
2 time that you were working for Mr. Croft?

3 A. Approximately 14,000, 12 to \$14,000.

4 Q. Is there any doubt in your mind who was in charge of and
5 responsible for running Universal K-9?

6 A. No, sir.

7 Q. And who was that?

8 A. Mr. Croft.

9 MR. SUROVIC: No further questions, Your Honor.

10 CROSS-EXAMINATION

11 BY MR. BROOKS:

12 Q. Hi Mr. Peek.

13 A. How you doing?

14 Q. I'm Will Brooks. We met briefly yesterday, correct?

15 A. Yes, sir.

16 Q. You prefer I refer to you as Steve or Mr. Peek?

17 A. Steve is fine.

18 Q. Okay, Steve, a couple of questions for you. Mr. Surovic
19 started off into some of these, but I just wanted some
20 clarification on some of these, if I may.

21 You've trained at GTA, Global Training Academy, is that
22 correct?

23 A. Yes, sir.

24 Q. When did you do that training?

25 A. That was back around 2000, 2001.

1 Q. Are they still around?

2 A. Yes, sir, they're still in business. I don't know to what

3 capacity at this point though.

4 Q. How long were they there? Are they still there?

5 A. They're still there.

6 Q. And how long were you there?

7 A. I was there approximately two and a half to three years.

8 Q. And you talked about going to Africa and Sri Lanka as well?

9 A. Yes, sir.

10 Q. Were you ever in the military? Did you ever serve?

11 A. No, sir.

12 Q. Was that part of a military contract? I'm just curious.

13 A. It was Department of State contract, I believe.

14 Q. What time frame, when would that be?

15 A. That would probably be around 2000, between 2002 and 2003.

16 Q. And you had an interest in dogs at that point, correct?

17 A. Yes.

18 Q. What drew you to that profession?

19 A. Actually my brother did.

20 Q. He was interested in --

21 A. Yes, he was. My brother was EOD, he looked into -- he

22 worked with the dogs out in the field, he looked into doing

23 some of the training. He decided he could make more money

24 doing EOD and he called me and told me and I've always liked

25 animals, been around animals most of my life and that's how I

1 got into it.

2 Q. So was it more of an animals thing or a money thing for
3 you?

4 A. Little bit of both.

5 Q. You moved from GTA and from that contract onto Ronco, is
6 that correct?

7 A. I applied at Ronco. That contract fell through.

8 Q. Describe Ronco for me, if you could?

9 A. Ronco was a company that did EOD work and they used dogs as
10 well in the mine fields.

11 Q. And what was the time frame there, when was that roughly?

12 A. I honestly don't remember, sir.

13 Q. Okay. You went from there to AK-9I, is that right?

14 A. I drove a truck for a while in between there.

15 Q. So that's a business that owns trucks or trucking?

16 A. AK-9I?

17 Q. Yes.

18 A. No, sir, AK-9I is a dog training company.

19 Q. So in between Ronco and that contract, you drove a truck?

20 A. Right.

21 Q. And when was the AK-9I?

22 A. I'm trying to think back.

23 (Pause.)

24 Q. Sometime in between --

25 A. 2008, 2009, somewhere in there.

1 Q. How long were you there with them?

2 A. I was there for right at a year.

3 Q. And you recall how many dogs you trained, maybe just a
4 general number for me?

5 A. At that point in time, they probably had about a hundred
6 dogs.

7 Q. So would you say your vocation as dog training as well as
8 driving trucks is kind of your interest?

9 A. Right.

10 Q. Okay. And as far as Brad, we spoke briefly in the hall
11 yesterday, correct?

12 A. Right.

13 Q. And I pointed out to you that you had had an interview with
14 some officials from the government, correct?

15 A. Correct.

16 Q. And during that interview, you indicated to them that you
17 met Brad over an application called Facebook, is that correct?

18 A. I'm thinking it was Facebook, but you showed me it was
19 Linked In.

20 Q. And what was the year of those communications, if you
21 recall?

22 A. The ones that you showed me was 2013.

23 Q. So it wasn't actually 2014 as stated, correct?

24 A. Yes.

25 THE COURT: Before you go any further, we're going to

1 have to break. It's just about 11:30. So you can step down,
2 sir, but I need you back here at about 1:30 to 1:45.

3 THE WITNESS: Yes, sir.

4 THE COURT: I need your proposed findings by Friday
5 afternoon.

6 MR. BROOKS: Judge, actually we were going to withdraw
7 our request to have a proposed finding of fact.

8 THE COURT: You are?

9 MR. BROOKS: Yes, Your Honor, and we've shared that
10 with the government last night.

11 THE COURT: I want to make it clear that the Court has
12 not pressured you or said anything in any way.

13 MR. MCHUGH: Not at all.

14 THE COURT: Very good. That's taken care of. All
15 right. Thank you very much.

16 COURT SECURITY OFFICER: All rise.

17 (11:25 a.m.)

18 * * *

19 (2:05 p.m.)

20 COURT SECURITY OFFICER: All rise.

21 THE COURT: Off the record.

22 * * *

23 (Discussion off the record.)

24 * * *

25 THE COURT: We can go back on the record. Counsel,

1 your next witness.

2 MR. SUROVIC: Mr. Peek.

3 THE COURT: He's got to finish up, I'm sorry. Go
4 ahead.

5 MR. BROOKS: Thank you, Your Honor.

6 BY MR. BROOKS:

7 Q. Steve, I know it's been a long lunch break, so we were
8 discussing your experience and a little bit about Brad. In
9 respect to your experience, do you have any sort of specialized
10 certificates as far as dog training goes?

11 A. Yes, sir, I do.

12 Q. What would those certificates be?

13 A. I hold a handler certificate for detection dogs. I hold a
14 trainer certificate for detection dogs. I hold a trainer
15 certificate for mine dogs.

16 Q. Did you get those certificates through GTA?

17 A. Yes, sir.

18 Q. My understanding is -- is there a sort of industry
19 standard, is there any sort of governing agency as far as these
20 licensings go?

21 A. From the individual company, no, not that I know of.

22 Q. Do you have any sort of continued education or do you have
23 to update those certificates from time to time?

24 A. I'm not required to update them, it's continuous on-the-job
25 training, learning, that sort of thing.

1 Q. Fair enough. So the training comes through experience, is
2 that correct?

3 A. Yes, sir.

4 Q. Is it something that you have to continually work at to do
5 or is it -- you know, do you have to polish those skills from
6 time to time?

7 A. The knowledge is there, once you have the knowledge, the
8 knowledge is there, but the skills, yes, sometimes you need to
9 polish the skills up.

10 Q. What about with respect to the animals themselves, do you
11 have to constantly reinforce things with them?

12 A. That depends on the animal, sir.

13 Q. So if I've got a mines detection was your specialty, if you
14 have a mine dog, do you have to work with that dog constantly?

15 A. Yeah, we do continuous training all the time. If that's
16 what you're asking, yes, we continue training all the time.

17 Q. And in respect to Brad, we had a clarification. You met
18 him or started conversation with him roughly 2013, correct?

19 A. Yes.

20 Q. And you guys discussed some training opportunities, is that
21 correct?

22 A. Yes, sir.

23 Q. Some mutual acquaintances in the industry and then you had
24 some friends that might have been interested in some positions?

25 A. Yes, I recommended two guys, unfortunately both of them

1 weren't available.

2 Q. Got you. When did you start working at K-9?

3 A. Sorry?

4 Q. When did you start at U K-9?

5 A. Universal K-9?

6 Q. Yes, sir.

7 A. February of 2016.

8 Q. And at the time you said it was mainly you and Brad,
9 correct?

10 A. Yes, sir.

11 Q. And you met Rick?

12 A. Yes, sir.

13 Q. And it was your testimony that Brad controlled the money,
14 Brad controlled the company, is that right?

15 A. Yes, sir.

16 Q. Now, do you remember giving an interview to a Agent Drake
17 as well as a Sean Scott with the IRS?

18 A. Yes, sir.

19 Q. And did you give a statement to them, anything written?

20 A. Mostly verbal, they wrote it down.

21 Q. Have you been able to review that statement?

22 A. Yes.

23 Q. In that statement, do you recall telling them that it was
24 your impression that Rick owned the majority of Universal K-9?

25 A. Yes, that that was what my understanding was on paper.

1 Q. Did you have the occasion to meet anyone else while working
2 there at U K-9 that worked for U K-9?

3 A. Mr. Keeling and Dustin. Sorry, I don't remember Dustin's
4 last name.

5 Q. Would that be a Dustin Bragg?

6 A. I think so, yes.

7 Q. And what time frame are we talking about there?

8 A. I actually met them before I even went to work for Brad.
9 Wes and Dustin were holding interdiction courses and they
10 needed some help as far as being able to do interdiction on
11 large vehicles. I talked to my company, they agreed to allow
12 them to use our trucks to do the interdiction courses with.
13 Normally they used my truck when I was at home because I was
14 the only one that was an over-the-road driver. All the rest of
15 the trucks were just day cabs and I would go out on the
16 weekends when I was home to help them with the interdiction
17 courses.

18 Q. And if you could help enlighten the Court, I've been
19 looking at this stuff for a while and I'm familiar with
20 interdiction, but what is an interdiction course?

21 A. It's like a roadside stop for the police where they do a
22 roadside interdiction.

23 Q. And you had some familiarity with that type of training?

24 A. I didn't really help with that part of it. They did most
25 of that. All I did was -- my biggest role was when they came

1 to the tractor-trailer, I showed them how to read and
2 understand log books. I also showed them points on the trailer
3 that were valuable as far as hiding things and that sort of
4 thing.

5 Q. And that tractor-trailer, was that when you were working at
6 Vocar, V-O-C-A-R?

7 A. Yes.

8 Q. So you were working at Vocar and Universal K-9 at the same
9 time?

10 A. No. At that point in time, I wasn't working for Universal
11 K-9. I came out just because I liked being around the dogs and
12 helping them out when I could.

13 Q. And they liked being around dogs as well?

14 A. Exactly.

15 Q. Would you say the same thing for Brad?

16 A. Probably so, yes.

17 Q. A common interest for you guys is dogs?

18 A. Right.

19 Q. And have you continued that relationship, meaning are you
20 still friends with Mr. Brag and Mr. Keeling at this point?

21 A. I'm friends with Mr. Keeling. I don't -- haven't spoken
22 with Dustin since then up until today.

23 Q. And in respect to Mr. Keeling, do you know what his
24 business is today?

25 A. He's training dogs.

1 Q. Does he have his own business?

2 A. As far as I know, it's his business.

3 Q. Is he a police officer?

4 A. He was. I'm not sure if he still is or if he's on -- what
5 do they call that? Like a standby or -- I don't know. You
6 have to ask Mr. Keeling that, I don't know.

7 Q. Fair enough. So not sure, but he was a police officer as
8 far as you knew. And when you say he's training dogs, do you
9 know where he's training dogs?

10 A. No, sir, I don't.

11 Q. And are there -- there are two parts to the dog business,
12 is it fair to say that. You've got the animals and then the
13 courses themselves to train people?

14 A. Yeah, I would say that.

15 Q. And are you familiar with both of those types of trainings?

16 A. Yes, sir.

17 Q. And you've got the experience to be able to train both the
18 dogs as well as people?

19 A. Yes, sir.

20 Q. How did you acquire that experience?

21 A. When I went through Global Training Academy, I went through
22 their training courses to train the dogs. And when I went to
23 Africa, I went through the other training courses for the mine
24 dogs. I also served an apprenticeship in Sri Lanka as far as
25 training the Sri Lanka military handlers.

1 Q. So it's a hands-on type of a situation?

2 A. Yes.

3 Q. You talked a little bit about the falling out that you had
4 with Brad, correct?

5 A. Yes, sir.

6 Q. Now, you had trained some dogs for him, correct? And you
7 taught a handlers course, is that right?

8 A. Yes, sir.

9 Q. Additionally, you helped build some cages out there at
10 the --

11 A. I helped him put the kennel up out there.

12 Q. And what was your thought process in doing that in helping
13 him out?

14 A. Well, I pretty much told him when he did that that it
15 wasn't up to military standards.

16 Q. Did you have any sort of goals or hopes or aspirations for
17 the company?

18 A. I hoped to help him build the company, I hoped that it
19 would be something that would be mutually beneficial, but I saw
20 very quickly that it wouldn't be.

21 Q. And your hopes were to see kind of a small business grow,
22 is that a correct characterization?

23 A. Exactly.

24 Q. And your hopes were to work and continue working in that
25 business?

1 A. Exactly.

2 Q. And you were aware that during that process of applying for
3 the ability to accept V.A. benefits, that Brad was using your
4 information, correct?

5 A. That's an industry standard, yes. If you're going for a
6 military-type contract, normally they do use their trainers'
7 credentials, yes.

8 Q. And you had been working for Universal prior to that V.A.
9 approval, correct?

10 A. Yes.

11 Q. And according to you, shortly thereafter?

12 A. Yes.

13 Q. And outside of the things that we've discussed, I recall
14 you saying that you took a trip to Las Vegas?

15 A. Yes, sir.

16 Q. Who was that with?

17 A. Myself, Brad, Rick Cook and Wes Keeling and another
18 gentleman met us there from -- his name is Justin. I'm sorry I
19 don't know his last name. I know the dog he had was Kia.

20 Q. Did you ever meet a Jesse Stanley?

21 A. No, sir, not that I recall.

22 Q. When was that trip to Las Vegas, if you recall?

23 A. Honestly don't remember the date, sir.

24 Q. Fair enough. Was it shortly before you left U K-9?

25 A. I would say it was probably about mid way, two-thirds of

1 the way through.

2 Q. So just to summarize for me, you and Brad met roughly
3 around 2013 on the Linked In app.

4 A. Okay.

5 Q. And describe the contact between 2013 and when you started
6 working there?

7 A. Mostly it was like asking questions and wanted to know
8 what -- he asked a lot about my knowledge and things of that
9 nature and he told me a little bit about the things that he
10 wanted to do and where he wanted the company to try to go and
11 that sort of thing.

12 Q. So it seemed to you that he was interested in growing that
13 business?

14 A. Yes.

15 Q. And in respect to the kennel dogs or shelter dogs, do you
16 have a preference for what you described I think as working
17 dogs?

18 A. Yes, sir.

19 Q. What is a working dog?

20 A. A working dog is basically a breed or type of dog like a
21 Border Collie, a Belgian Malinois, German Shepherd, all of
22 these dogs were bred to fulfill certain purposes. They were
23 bred to work like a cow dog or something like that.

24 Q. So are these animals more or less expensive than the
25 shelter dogs generally?

1 A. They're more.

2 Q. Is there a preference in the industry for these types of
3 dogs?

4 A. Majority, yes. I would say most of them prefer the Belgian
5 Malinois, German Shepherd or Dutch Shepherd.

6 Q. Is there a reason they have that preference outside of
7 just --

8 A. Very high drive and mostly they're very focused animals,
9 they focus on their job really well.

10 Q. And are shelter animals you think incapable of becoming
11 these types of animals?

12 A. No, sir, I don't think they're incapable of it, but the big
13 part of it is most of those dogs are lap dogs, what I would
14 call a lap dog.

15 Q. So a lower success rate potentially?

16 A. Yes.

17 MR. BROOKS: If I could have one second, Your Honor.

18 (Pause.)

19 At this time, I'm going to ask if Defense Exhibit 50
20 could be published.

21 BY MR. BROOKS:

22 Q. Mr. Peek, I'm going to show you a photograph.

23 MR. SUROVIC: We have no objection to Defense Exhibit
24 50, Your Honor.

25 THE COURT: All right.

1 BY MR. BROOKS:

2 Q. Mr. Peek, are you able to see that photograph there?

3 A. Yes.

4 Q. Do you recognize that photograph?

5 A. Yes.

6 Q. Roughly when was it taken?

7 A. That, I can't tell you. It was when I was helping them do
8 the interdiction courses. That was taken at the car lot, I
9 believe.

10 THE COURT: What car lot?

11 THE WITNESS: There is a car lot right across the
12 street, an auction, where they do vehicle auctions right across
13 the street from the company I worked.

14 THE COURT: I see. It wasn't part of the business.

15 THE WITNESS: Sir?

16 THE COURT: It wasn't part of the business.

17 THE WITNESS: No, sir.

18 BY MR. BROOKS:

19 Q. Would it be fair to say 2016, 2015?

20 A. 2016 -- well, no, that was probably before I went to work
21 for him, so that was probably during late 2013, I would guess.

22 Q. This photo was prior to that?

23 A. To me going to work for him, yes.

24 Q. And can you identify the individuals in that photo or any
25 of them that you can, if you would? I see a gentleman in a

1 green shirt. Do you know that gentleman?

2 A. I'm sorry, I can't make those out. I can't make out their
3 faces.

4 Q. Fair enough. So none of those individuals you're able to
5 identify?

6 A. No, sir.

7 Q. Okay.

8 A. Well, I take that back. Wes is the second from the left,
9 right next to the green guy is Wes.

10 Q. When you say Wes, would that be Wes Keeling?

11 A. Yes, sir. And the one on the next to the end on the other
12 end I believe is Dustin, the one standing next to me.

13 Q. We haven't mentioned, it goes without saying, next to you,
14 so you've got the cowboy hat on in this photo?

15 A. Yes, sir.

16 Q. Looking sharp, sir.

17 A. Thank you.

18 MR. BROOKS: No further questions.

19 REDIRECT EXAMINATION

20 BY MR. SUROVIC:

21 Q. Mr. Peek, you indicated you had never heard of Mr. Jesse
22 Stanley, is that correct?

23 A. Yes, sir.

24 Q. Had you ever heard of an individual by the name of Art
25 Underwood?

1 A. No, sir.

2 Q. Did you ever see them around the property or anything
3 like --

4 A. Not to my knowledge, no, sir.

5 Q. You also indicated that it was you and Mr. Croft that were
6 doing the training at the time that you worked there, is that
7 correct?

8 A. Yes.

9 Q. But you were not involved in veterans training?

10 A. No, sir.

11 Q. Do you know -- if you know, do you know why when Mr. Croft
12 was putting together his paperwork in order to get approval
13 from the V.A. to teach, why he did not include your name as an
14 instructor?

15 A. I couldn't answer that, sir, I don't know.

16 MR. SUROVIC: No further questions, Your Honor.

17 MR. BROOKS: Nothing further of this witness, Judge.

18 THE COURT: All right. You can step down, sir. Wait
19 a minute. I have one question for you.

20 THE WITNESS: Yes, sir.

21 THE COURT: You mentioned that you're now driving a
22 truck which is just fine, but I wonder why did you make the
23 career change?

24 THE WITNESS: Honestly, sir, I got tired of dealing
25 with the prima donnas.

1 THE COURT: Are you talking about the dogs or the
2 people?

3 THE WITNESS: No, the people. And that and my
4 shoulder was wearing out, so that was the other part of it.

5 THE COURT: All right. Thank you.

6 MR. SUROVIC: Your Honor, request that he be
7 permanently excused so he can go back to his trucking duties.

8 THE COURT: All right, he can.

9 MR. BROOKS: We wouldn't anticipate it, we would just
10 ask that he be subject to recall.

11 THE COURT: I doubt you'll be subject -- I don't think
12 you'll be called back.

13 THE WITNESS: Thank you, sir. The only thing is, sir,
14 once I get on the road --

15 THE COURT: There is nothing to prevent him from
16 getting on the road.

17 THE WITNESS: Thank you, sir.

18 THE COURT: I'm not going to make the man go broke
19 when we don't know that he's going to have to be called. I
20 have a dog that's a prima donna, that's why I asked him. It's
21 actually my wife's dog. Go ahead, counsel.

22 MR. SUROVIC: Your Honor, next witness is going to be
23 Mr. Jesse Stanley.

24 (Pause.)

25 COURTROOM DEPUTY CLERK: Please raise your right hand,

1 sir.

2 * * *

3 (*JESSE STANLEY, Government Witness, Sworn.*)

4 * * *

5 THE WITNESS: Yes, I do.

6 COURTROOM DEPUTY CLERK: You can have a seat.

7 DIRECT EXAMINATION

8 BY MR. SUROVIC:

9 Q. Sir, would you state your full name for the record?

10 A. Jesse Walden Stanley, Jr.

11 Q. And could I get you to spell your last name?

12 A. S-T-A-N-L-E-Y.

13 Q. What city do you live in, sir?

14 A. Canyon Lake, here in Texas.

15 Q. How are you currently employed?

16 A. Through Department of Homeland Security TSA.

17 Q. Where do you work?

18 A. On Lackland Air Force Base.

19 Q. What type of job do you have for Homeland Security?

20 A. I'm a K-9 trainer, instructor and evaluator.

21 Q. How long have you been a trainer, instructor and handler
22 for Homeland Security?

23 A. Four years this month.

24 Q. How long have you been handling dogs throughout your entire
25 career?

1 A. Since 1996.

2 Q. Could you describe for the Court what your career has been,
3 where did you get your start, what you've done?

4 A. Yes, I got my start in the military. I was in the Army for
5 25 years. In 1996 I went through dog school, that's where it
6 started, I spent my last 16 years in the military as a dog
7 handler, moved up to a trainer here at Lackland Air Force Base
8 training dogs for the DOD. I was also a kennel master and a
9 program manager prior to retirement.

10 Q. And when you retired from the military, did you make the
11 change directly over to HSI immediately? What happened after
12 retirement?

13 A. Right after the military, actually while I was on terminal
14 leave which is the extra leave I had left over when I retired,
15 for the first 90 days I worked for Worldwide K-9 in Spring
16 Branch. I went directly to them. I retired in late July, I
17 actually started for them beginning of May. I had a falling
18 out with the owner of that company, started looking elsewhere.
19 That's when I started talking to Mr. Croft and never came upon
20 an agreement for employment, so I went to Afghanistan for a
21 year, once again working for Department of Defense, did a
22 one-year contract over in Afghanistan. Coming back from
23 Afghanistan, I reengaged with Mr. Croft in reference to
24 employment. Didn't work out. I worked at a small shelter out
25 at Canyon Lake waiting for a job opportunity with DHS and when

1 I was hired from DHS in October of '15.

2 Q. You indicated that you had explored employment possibility
3 with Mr. Croft. How did you first meet Mr. Croft?

4 A. It was by work through Worldwide K-9. They were actually
5 competitors. When I left Worldwide K-9, I physically called
6 Mr. Croft and talked to him, looking for employment.

7 Q. So you had heard about his company when you were working at
8 Worldwide K-9?

9 A. Absolutely.

10 Q. Approximately when was that, do you recall?

11 A. When I spoke to Mr. Croft?

12 Q. Yes.

13 A. It would have been probably December of 2012 because I left
14 in November of 2012 from Worldwide K-9.

15 Q. Of course, you met Mr. Brad Croft, is that correct?

16 A. Yes.

17 Q. Is he present in the courtroom today?

18 A. Yes, he is, sir.

19 Q. Could you describe where he's sitting, what apparel of
20 clothing?

21 A. He's behind the computer screen, but he's second from the
22 left over here in the leather jacket.

23 THE COURT: The Court would note the defendant.

24 MR. SUROVIC: Thank you, Your Honor.

25 BY MR. SUROVIC:

1 Q. So again what were the circumstances of meeting Mr. Croft?
2 You reached out to him based on the fact that you knew his
3 company?

4 A. There's only four or five major players in the K-9 game in
5 this area other than the Department of Defense. And I called
6 him just basically asking if there was an opportunity for
7 employment because I still had to put food on the table for my
8 family.

9 Q. What did he tell you?

10 A. He said he was working on some projects. I've got notes,
11 if I can use those, because I actually have those as far as
12 timeline.

13 MR. SUROVIC: Your Honor, apparently the witness
14 brought in a -- he created a timeline to refresh his
15 recollection. I became aware of it just during the lunch hour.
16 We have electronically provided a copy to the defense, but I
17 know that Mr. McHugh would prefer to have a hard copy. He's
18 old-fashioned like I am. I don't know if there's any way we
19 can make a copy of the timeline.

20 MR. MCHUGH: I'm not that old-fashioned, Your Honor.

21 THE COURT: Send it to Ms. Springs and she'll print it
22 out. Just do it right now.

23 MR. SUROVIC: I think you've got a hard copy. I guess
24 it would be easier to print it?

25 THE COURT: Yes. Priscilla_springs@txwd.uscourts.gov.

1 MR. SUROVIC: With that I don't believe there's going
2 to be an objection to you referring to those notes.

3 THE WITNESS: When you guys do have it, there's a typo
4 on the very first, it says December 13th, it should be
5 December 12th for timeline purposes.

6 (Pause.)

7 MR. SUROVIC: Thank you.

8 BY MR. SUROVIC:

9 Q. Okay. Go ahead. You were talking about how -- I think we
10 were talking about discussions you had with Mr. Croft as far as
11 employment?

12 A. Yes, like I said, December of 2012 I made the initial call
13 asking if he had employment at that time. He was, according to
14 Mr. Croft, was in a transitional period between some older
15 employees and trying to find new work, whether it be through
16 contracting or trying to find a way to bring in more money
17 where he could afford -- he said he wanted me as an employee,
18 but he didn't have the finances to pay me. Part of that was to
19 get set up as an actual course that was more structured. I
20 stated to Mr. Croft that I had course material that I used in
21 the past that I was capable, very capable of teaching through
22 my military career and through my civilian career after the
23 military. He had told me that if he could get that, that would
24 give him a good start as far as setting up a good course for
25 all the classes. And because of the fact that I could teach

1 all those, it was a better chance of me being one of his
2 employees to teach them. Part of that was he had given me \$300
3 to provide him that information and those classes.

4 Q. So he paid you for the information you were providing. Did
5 he hire you?

6 A. No, he did not.

7 Q. So what happened after this meeting with him in
8 December 2012?

9 A. That initial talk was in December of '12, the discussion
10 about the K-9 courses was actually in January of '13. In
11 February, we sat down quite a few times at his home over
12 breakfast discussing possibilities of contracts. We were
13 looking at some Navy Special Warfare contracts, an Air Force
14 contract for pre-deployment training in Fort Bullis, Texas.

15 Q. You're talking about his contract, what type of contracts
16 are we talking about here? Are we talking about actual doing
17 training for these entities or are we talking about providing
18 dog handlers or what?

19 A. It was more for training. The Navy Special Warfare already
20 had dogs on the ground. If at some point we had to replace
21 dogs out of attrition, then yes, we would be liable for
22 bringing more dogs into the system, but they had dogs in their
23 system already through another contractor. With the Air Force,
24 that was a pre-deployment training, these handlers and dogs
25 were already paired up, they were already trained together, it

1 was more to train them up to go to Afghanistan and Iraq prior
2 to leaving.

3 Q. Okay. So you had this discussion with him in February of
4 2013 about trying to get these contracts, is that correct?

5 A. That's correct.

6 Q. And how did that go?

7 A. At the time it sounded very promising. He had a couple
8 different directions he was going. He wanted to use me as a
9 program manager instructor. The only issue was is he couldn't
10 pay me until he had actually was awarded one of those
11 contracts. He couldn't afford it. At that point that's when I
12 gave him my initial resume, so he could use my resume to
13 become -- so I could become the program manager showing that I
14 was capable of doing that job in accordance with the statement
15 of work that was on the contracts.

16 Q. Okay. And this was in February of 2013?

17 A. Uh-huh.

18 Q. What happened?

19 A. Basically I really didn't hear back from him until March.
20 We did discuss -- in February we did discuss that to get these
21 contracts we needed to bring a lot more instructors and capable
22 people to work with him because it wasn't going to be just me.
23 At that point he had stated that it was me and Mr. Underwood,
24 Mr. Art Underwood that were his two instructors and that we
25 needed to bring more of them in.

1 Q. Did you know Mr. Underwood?

2 A. I was aware of who he was. I never knew him on a personal
3 level. He was working for the Department of Defense when I was
4 actually training dogs back in the early 2000s, but I never
5 knew him on a personal level.

6 Q. Did you ever meet him when you were at Universal K-9?

7 A. No, I did not.

8 Q. Did you ever see him teach any classes while you were at
9 Universal K-9?

10 A. No, I did not.

11 Q. So you're talking about bringing in more people. How did
12 this develop? Did you finally get a contract where you were
13 hired?

14 A. No, I did not.

15 Q. What happened?

16 A. We went through February with no resolve to any of the
17 contracts. I understand that is a process. Contracts don't
18 happen overnight. There's a lot of give and take, paperwork,
19 e-mails going back and forth trying to settle everything and
20 you're also being competitive, so there's no guarantees. At
21 that point I was in a position that I hadn't really worked for
22 income since November of the year prior, so bank accounts are
23 starting to get empty. I took a contract with another company
24 over in Afghanistan for one year.

25 Q. What did that contract involve?

1 A. It involved training IED dogs in the desert for the United
2 States Army. I was over there as an instructor trainer for the
3 dogs and for the handlers.

4 Q. What period was that?

5 A. That was from March of '13 through February of '14.

6 Q. Did that have anything to do with Universal K-9?

7 A. Absolutely not.

8 Q. And what happened when you finished with that contract?

9 A. During that contract, we also continued talking. I had to
10 have an out once the contract was over, I was still trying to
11 work with Mr. Croft to try to get some type of employment. I
12 went over there in March. In April I started receiving e-mails
13 from Mr. Croft, just some comments between him and Mr. Hawkins
14 of Worldwide K-9, which is the owner/operator of Worldwide K-9.
15 There was some pretty derogatory stuff in the e-mails. I was
16 not personally involved in it, that was just stuff that he had
17 forwarded to me. And he also in April of '13 sent me a copy of
18 his DPS license showing that he was accepted as a guard dog
19 company, which entails basically that we can -- him as a
20 company at Universal K-9 can sell police dogs, protection dogs,
21 that type of thing.

22 Q. So you were in Afghanistan all this time. This is when you
23 first went over to Afghanistan you were having these things?

24 A. Uh-huh.

25 Q. Did the contact continue while you were in Afghanistan?

1 A. It did, it was sporadic. He sent me another e-mail between
2 himself and Mr. Hawkins, Worldwide K-9, in May of '13.

3 Q. What is the nature of these communications between him and
4 Mr. Hawkins?

5 A. It was more of a legal battle between the two companies
6 about who was going to be authorized to use the V.A. benefits.
7 There was some comments made about from Mr. Croft to
8 Mr. Hawkins that he was going to have an investigation done on
9 Worldwide K-9 in reference to him getting V.A. benefits, using
10 the G.I. Bill on an illegal basis.

11 Q. So it was essentially threats by Mr. Croft against
12 Worldwide K-9?

13 A. Yes, sir, but they did go both directions.

14 Q. Both ways?

15 A. Yes, sir.

16 Q. Somehow it included you as well and Mr. Hawkins making
17 comments about you?

18 A. It really didn't include me, the conversations between the
19 two of them, it was just e-mails being forwarded to me, I guess
20 to let me know what was going on. It was my prior employer and
21 I personally didn't like the guy, so I mean he sent that to me
22 as I guess as to let me know how things were going between him
23 and the other company.

24 Q. You indicated that Mr. Croft had threatened to sue
25 Mr. Hawkins because Worldwide had V.A. and he did not?

1 A. I don't believe it was actually the word "sue", I think it
2 was to have it investigated to see if it was legal, if he had
3 legally gone through the right process.

4 Q. Was Mr. Croft authorized to bill against the G.I. Bill at
5 that point?

6 A. Not that I know of, no.

7 Q. Did these types of conversations continue during the period
8 when you were in Afghanistan?

9 A. That was the last real thing I had between him and
10 Mr. Hawkins at Worldwide. He did state in May that the V.A.
11 stuff should be done by the time I returned home in February
12 for his company. And when I returned he would have my back and
13 saying that I would work with him, not for him. So it sounded
14 to me and the way I read it as he wanted me to be a business
15 partner. And I didn't talk to him again until September of
16 2013 and he had sent me an e-mail stating that he was starting
17 to work on Special Warfare Navy contract. He requested my
18 resume and the required format for that contract because it was
19 a completely different format, which I sent him. I was still
20 not an employee of his. This was all based off of me trying to
21 get into the company as far as contracting goes and to be a
22 lead of the contracts. So yeah, that was the basis of the
23 contracting stuff is if he received or was awarded one of the
24 contracts, that I would be hired as one of the leads to run
25 those contracts, teaching, training and evaluating.

1 Q. What happened when you got back from Afghanistan?

2 A. When I returned from Afghanistan, once again I went

3 directly back to Mr. Croft and discussed with him employment

4 opportunities. We also once again sat down at his home over

5 lunch and breakfast, stuff like that and discussed training.

6 He said he was still waiting for the V.A. approval before he

7 could afford to pay me. I was already a private investigator

8 through DPS, but it was through Worldwide K-9. That had to be

9 restarted to fall under Universal K-9. He did that for me.

10 That was one of the steps that I would have to have done to

11 become an employee and to help him out through what we were

12 trying to do as far as selling police dogs, protection dogs,

13 that type of thing. So that was just a basically a formality

14 as a step to be going the right direction. Because if he was

15 awarded that stuff and I didn't have that, I wouldn't have been

16 authorized to be doing some of the stuff that I was doing. So

17 that was a preemptive step prior to any of the contracting or

18 any of the other selling of dogs. So it was transferred from

19 Worldwide K-9 and it was approved. It's since expired, but it

20 was approved then. That was when I returned in February. In

21 May of 2014 --

22 Q. Did he hire you when you returned in February?

23 A. No, he did not.

24 Q. What happened next?

25 A. May of 2014, Mr. Croft contacted me to go to San Juan,

1 Texas Police Department. I guess they had a dog that had
2 previously come from Worldwide K-9 that was having some issues.
3 He wanted me to go out and take a look at the dog and see what
4 the issues were. We went out and took a look at the dog. It
5 really wasn't a dog issue at that point, it was a handler
6 issue. We discussed that with the handler, told him what he
7 needed to do to fix the issues. It was maybe a one or two-hour
8 session with the handler discussing proper ways of working the
9 dog as opposed to the way he was doing it. As far as I know,
10 everything was fixed because I never heard anything back from
11 him. It was a fairly simple training mission.

12 Q. Did you get paid for that?

13 A. If I remember right, I think Mr. Croft gave me \$150 for
14 that, to go out for that one day.

15 Q. At this point, were you teaching classes for Mr. Croft or
16 training dogs?

17 A. Not at that point.

18 Q. So this is in I think you said --

19 A. This was in May of 2014.

20 Q. May of 2014?

21 A. Yes.

22 Q. Did you ever actually come on and start working for
23 Mr. Croft?

24 A. The only work that I did for pay other than that was
25 considered piece work. He was getting onesies and twosies in.

1 I don't know that he felt bad because he couldn't hire me for
2 the lack of funds or what the reason was, but he told me he
3 would give me a one or two dogs at a time to imprint on an
4 odor. He would pay me \$500 a dog to imprint them and prepare
5 them for training. Basically like pre-training to make sure
6 the dogs are capable. He had given me -- I have to get all the
7 way into August. Probably late June, early August he gave me a
8 K-9 named Clyde, it was a young black Labrador, I took it home
9 with me. I took the pseudo narcotic aid that he had provided
10 because I wasn't licensed to have the real stuff anyway, I
11 couldn't have it at my house and I imprinted the dog on the one
12 odor.

13 During that time, I also met up with Mr. Croft in some of
14 his training areas while he was training in San Antonio to show
15 him the progress of the dog, take a look at some of the other
16 dogs that he was working and give my humble opinion of what I
17 thought of them. He asked me what I thought. I told him
18 exactly what I thought, whether they were good, bad or
19 indifferent. As far as the dog training, he asked me what I
20 thought about his dogs, the ones that he was training and as
21 far as what I thought about where they stood in their training
22 and how well they were working.

23 Q. And what did you tell him?

24 A. It was dog dependent. He had some dogs that were very
25 capable and other ones that -- one I remember in particular was

1 a Rottweiler, I wasn't impressed with and I told him that. I
2 said that's probably not a dog I would send out.

3 Q. What did he tell you when you said that?

4 A. It was a conversation, it wasn't an argument. Later on
5 when I get into my timeline I did see the dog again. It was
6 being sent off to a Police Department.

7 Q. You mentioned a dog by the name of Clyde. Can you tell us
8 the story of Clyde?

9 A. Yes. After I got done with my imprinting, Mr. Croft asked
10 me if I would come and actually work with the police officer
11 that was coming to pick him up which was -- the officer's name
12 was Jeremy Bost, B-O-S-T, out of McGregor, Texas Police
13 Department. Mr. Bost contacted me directly so we could set up
14 a time where me and him could get together. I offered one full
15 day of training with him and that was at a cost to Mr. Croft.
16 I believe that was another \$500. And I came out for one day
17 and I believe that the company name was Dodson, it was like old
18 buildings, moveable buildings. I don't remember the exact name
19 of the company. We went out there and did a training, venue
20 out there with him so I could explain to Officer Bost how to
21 properly work the dog, how to read his changes of behavior,
22 what his final response was and how I trained him so he could
23 continue working in the same direction that I trained so it
24 wasn't counter-productive to his work.

25 Q. Were you able to resolve the problems?

1 A. I had no problems with Clyde. Phenomenal dog.

2 Q. So what were you doing on this occasion out at Dodson
3 Homes? Were you training Clyde? Were you training Officer
4 Dodson (*sic*)?

5 A. I was training Officer Dodson (*sic*), that was what I was
6 asked to come there for. I did have some other officers come
7 to me and ask me questions that were working with Mr. Croft and
8 asked me what I thought of the dog. Of course, one of the ones
9 they brought up was the Rottweiler. There was some
10 conversation that the dog wasn't finding odor the way he should
11 have. I said, well, let me take a look at the dog. At that
12 time, Mr. Croft actually grabbed the dog and worked the dog and
13 his problem. And once again I didn't see what I thought was a
14 good working dog. Lack of independent sniffing behavior, very
15 dependent on the handler's positioning. The times that I did
16 see the dog sit on odor, it was because the handler was
17 stopping at odor as opposed to -- it was almost like he was
18 cuing the dog into, hey, here is where you need to sit because
19 the odor is here and not letting the dog figure it out himself.

20 Q. Now, at this point, are you actually teaching courses or
21 are you just providing commentary?

22 A. That was just commentary. I was there to instruct Officer
23 Bost how to train that one individual dog. The other officers
24 came to me once they seen me working with Officer Bost, asking
25 me questions.

1 Q. Do you know where Mr. Croft was getting his dogs from?

2 A. I know -- initially I know he did get some European
3 imports, but at that point, most of his dogs were coming from
4 shelters.

5 Q. Did that give you any concern?

6 A. Absolutely.

7 Q. Why?

8 A. As an experienced trainer, there's a lot of things you need
9 to look for in a dog to decide whether it's a good candidate
10 for detection training, since that's what Mr. Croft was dealing
11 with was just straight detector dogs. There's more to it than
12 ball drive. If I go out and throw a ball, most any dog will
13 chase that ball. There's some that won't even do that. I
14 think that was the basis of him selecting dogs is a dog with
15 real good ball drive. There's more to it than that. They also
16 have to have other drives. They have to have motivations to
17 want to work. Some dogs just -- they'll play with the ball all
18 day long on the floor, but you ask them to do work to get that
19 ball and they won't work.

20 There's a process, what we call principles of conditioning
21 where you have to use the dog's drive, you have to use what's
22 natural to the dog, his prey drive, wanting to chase, bite,
23 carry, that type of thing to get a dog out. It also has to
24 have hunt drive. If a dog won't hunt, it's not going to do
25 detection. When I say hunt drive, if I take a ball in an open

1 field and I throw it out in the middle of the grass, I turn the
2 dog around one time and tell him to go find the ball, how long
3 does he go before he quits. A good hunt drive, 20 to 30
4 minutes that dog will continue hunting because he wants the
5 ball that bad. I've seen dogs that will run out there, they
6 don't see it, they'll run right back to the handler. Not a
7 very capable dog because we have to have a dog that has that.

8 Q. So there are certain factors that you look for in finding a
9 dog that will be a good working dog, is that fair to say?

10 A. Yes, sir.

11 Q. Did you have discussions with Mr. Croft about looking for
12 dogs that had these behavior traits?

13 A. We did. At that point, I was kind of working part-time at
14 Canyon Lake Animal Shelter out at Canyon Lake which is one of
15 the places that he was getting dogs from. One of the things
16 that we had talked about is I told him if I found a dog that
17 was capable of doing that, I would let him know. I worked
18 there for over a year and had not seen one that was what I
19 would say would be a capable working dog.

20 Q. Was Mr. Croft still getting dogs from Canyon Lake Shelter?

21 A. Not while I worked there.

22 Q. We were talking -- before we went down that path, we were
23 talking about your working in May of 2014. Where was
24 Mr. Croft's school at that point?

25 A. I never seen his school, sir.

1 Q. Where did you go to meet him and work with him?

2 A. At his home. I never seen an actual schoolhouse, I never
3 seen kennels. The dogs were actually being housed in his
4 garage in dog crates.

5 Q. Is it normal to house a working dog in a dog crate?

6 A. Not full-time, it's for travel purposes.

7 Q. You're talking about one of those boxes that you carry your
8 dog on in an airplane, is that right?

9 A. But larger, yes, because we're talking about larger dogs.

10 Q. During that period of time, who were the trainers at
11 Mr. Croft's school? You indicated you were not one, you were
12 doing piece work.

13 A. When I met him, it was him and his daughter. That was it.

14 Q. Him and his daughter?

15 A. Yes, sir.

16 Q. Is his daughter present in the courtroom?

17 A. Yes, she is.

18 Q. Could you point out to her?

19 A. Dark-haired girl in the first row.

20 THE COURT: Court will identify the young woman
21 sitting right behind defense table.

22 BY MR. SUROVIC:

23 Q. How old was Cameron, Mr. Croft's daughter, when she was
24 working training the dogs when you were down there in 2014?

25 A. Sophomore in high school approximately.

1 Q. Do you know if Mr. Croft or his daughter had any training
2 on -- had, like you, been to courses or anything like that to
3 train dogs?

4 A. None that I know of.

5 Q. Were they the only trainers that were there?

6 A. When I was there, yes.

7 Q. Did you ever see anybody by the name of Art Underwood?

8 A. No, sir.

9 Q. I think I've asked you that before. Wes Keeling, do you
10 know Wes Keeling?

11 A. I met him.

12 Q. Was that during the period that you were down there?

13 A. Maybe the last 30 days that I was dealing with him. When I
14 was working that dog Clyde, I had met him. Right after that --
15 I guess I can go to my timeline -- I picked up a second dog
16 that I never finished because the dog wasn't capable and that
17 was the one time that I seen Wes.

18 Q. Okay. And what about a Dustin Bragg?

19 A. Never met the gentleman.

20 Q. The only trainers that you actually saw were Mr. Croft and
21 his daughter?

22 A. Yes.

23 Q. What happened after you did this training with Clyde and
24 you started to do the imprinting on the second dog?

25 A. The second dog just didn't have it. And I say didn't have

1 it, didn't have the hunt drive, didn't have any type of drive.
2 The dog was a house pet that was brought in saying can you make
3 a working dog out of it. The answer should have been no right
4 off the bat. We made an honest attempt, I made an honest
5 attempt to see if the dog did have any capability. Didn't see
6 it. I let Mr. Croft know that. He was kind of upset that I
7 didn't put forth more effort. I told him it was wasted effort,
8 wasted money, wasted time, that if he got another dog, I would
9 start another one. The issue was -- kind of came to a head for
10 us ending was Officer Bost had called me on the phone. And
11 this is -- I want to venture to guess he was in his
12 mid-twenties when I met him, so maybe a month after he had
13 picked up Clyde and took him home. One of the things that he
14 asked me prior to leaving Universal K-9 is how would
15 certification from Universal K-9 hold up in court. I told him
16 that everybody that I've ever trained on the civilian side I
17 request that they go through one of the nationally recognized
18 certification authorities somewhere in the nation, whether it
19 be the National Working Dog Association, National Detector Dog
20 Association, International -- there's several different ones
21 that are nationally recognized. So it would hold up better in
22 court if they had a bust as opposed to the company owner you
23 got your dog from testifying for you. Because I thought it was
24 a conflict of interest. He left Universal K-9, went directly
25 to Austin, Texas to a National Working Dog Association's

1 certification and had no issues, flew right through it. Three
2 weeks after that, I got a phone call that the dog had died in
3 his backyard.

4 Q. Did he tell you how or why the dog died?

5 A. He said he was playing with the dog in the backyard, it
6 fell over. He took the dog to the vet, it was already dead by
7 the time they got it to the vet. They did an necropsy on the
8 dog, which is the equivalent to an autopsy for us. And the vet
9 had told him that the dog had massive heart failure and that
10 the dog was only nine to ten months old.

11 Q. Is there any issue with training a dog that's nine to ten
12 months old?

13 A. There are some dogs that are very capable if they're a
14 little bit more mature. This dog was a pretty good dog, but I
15 would have never guessed he was that young. He was a tall,
16 linky Lab, so he looked a little bit older.

17 Q. Any issues as far as your normal experience with training
18 working dogs as far as them having a heart attack?

19 A. No, sir. Normally the vendor -- and I say vendor, the
20 company that is giving, selling or whatever dog. The normal
21 standard is one to two years of training on a guarantee and one
22 to two years of guarantee on the genetic health of a dog.

23 Q. Did you discuss the death of Clyde with Mr. Croft?

24 A. No, I think he had already talked to the officer prior to
25 the officer calling me.

1 Q. You seem to indicate that that and the failure with the
2 second dog brought something to a head between you and
3 Mr. Croft. Could you tell us what that was?

4 A. Basically talked on the phone and I told him the dog wasn't
5 going to make it and with the issue with Clyde, if that's the
6 way he was going to run the business, I just didn't think we
7 should be working together. He came to Canyon Lake Animal
8 Shelter when I wasn't there to pick up a dog. I dropped it
9 off, I left it there. He came to pick up the dog and that's
10 the last that we had talked.

11 Q. Approximately when was that?

12 A. That would have been late August, early September. Yeah,
13 probably August, September time frame of 2014.

14 Q. 2014?

15 A. Yes, sir.

16 Q. Did you ever have any conversations subsequent to that
17 about the possibility that Mr. Croft could use your name and
18 your certifications in order to obtain V.A. certification so
19 that he could teach G.I. Bill authorized classes?

20 A. We had discussed the V.A., the whole system and him trying
21 to get V.A. approved. The initial reason that I gave him all
22 my information was for contracting purposes, right down to when
23 I went to dog school, my certificate in 1996, all of the
24 courses that I had gone through as far as the kennel master's
25 course, all the training I had ever done, he had copies of all

1 of that for the contracting purposes so I could become the
2 program manager or the lead for those contracts when they were
3 awarded. He had discussed the V.A. stuff, but it was never
4 said that he was going to use me as his lead guy other than
5 just conversation, hey, if I get the contract, I'd like you to
6 come in and teach. There was nothing said that he was going to
7 use my material that I had given him for the contracting stuff
8 to get approved for the V.A. or anything else. That was a
9 process that had already been started prior to me leaving there
10 and then when I left, that was the last I had heard of it until
11 October of '16.

12 Q. And how did you hear about it again in October of '16?

13 A. I was actually called by a prior student that went through
14 dog school in the military. I was his instructor. I also was
15 his kennel master when I got to Korea. He called me and said
16 he wanted to further his K-9 education and become a trainer so
17 he could get better jobs. At that time he was living in
18 Chicago, it was Chicago Police Department, so I understand. He
19 called me and said, hey, he says according to this paperwork,
20 you're an instructor over this Universal K-9, I'd like to go
21 there.

22 MR. MCHUGH: Your Honor, I have resisted, but we're
23 getting into hearsay now.

24 THE COURT: Objection sustained.

25 BY MR. SUROVIC:

1 Q. Mr. Stanley, let me call your attention to Government
2 Exhibit Number 6f. I believe your testimony was that you
3 pretty much broke off relations with Mr. Croft in August of
4 2014, is that correct?

5 A. That's correct.

6 Q. If we could zoom in to the top of this, this is an e-mail
7 from Brad Croft to a variety of people and there's already been
8 testimony that it was at the Texas Veterans Commission.

9 A. Uh-huh.

10 Q. This is dated October 4, 2015. What was the status of your
11 relationship with Mr. Croft in October of 2015?

12 A. We had none.

13 Q. And if we can scroll down. Now, this is an e-mail, it has
14 your name at the bottom, is that correct?

15 A. Yes, it is.

16 Q. This is part of a paragraph talking about roster of
17 administrative instructional staff. And if you could read this
18 real quick, read it out loud if you want. "Erroneous and/or
19 misleading references to positions, titles and offices of staff
20 members have been revised or omitted in the published catalog.

21 B, Instructor certifications are enclosed herein. (See Texas
22 Commission On Law Enforcement certification, TCOLE, for
23 Universal K-9 Academy's curriculum supervisor Corporal Wesley
24 Keeling."

25 Were you ever aware that Wesley Keeling was the curriculum

1 supervisor for Universal K-9?

2 A. No, I was not.

3 Q. And "Instructor Justin Bragg. Below is a brief description
4 of the credentials and certifications of Universal K-9
5 Academy's four instructors."

6 And your name is down here. Could you read what it says
7 with your name?

8 A. It says, "Military kennel master certification."

9 Q. If we go to the next page?

10 A. "Army 2005 trained in the following areas to teach dual and
11 single-purpose handlers course, trainer instructor course --"

12 THE COURT: You're talking way too fast.

13 THE WITNESS: Sorry.

14 BY MR. SUROVIC:

15 Q. Why don't you start over from "Military kennel master
16 cert."?

17 A. Okay. "Military kennel master cert. Army 2005, trained in
18 the following areas to teach, dual and single-purpose handlers
19 course, trainer instructor course, behavioral modification
20 course, and kennel master course."

21 Q. Had you agreed to teach those things for Mr. Croft in
22 October of 2015?

23 A. No, sir.

24 Q. Had you told him at any time in your relationship that he
25 could use your name and your certificate whenever and wherever

1 he wanted?

2 A. No, sir.

3 Q. Can we go to page 69 of that exhibit? This is Exhibit J
4 that was an attachment to the e-mail that we just looked at.
5 And this indicates roster of administrative and instructional
6 staff, use additional pages if needed. Is that your name here
7 on the third line down?

8 A. Yes, it is.

9 Q. It says teach class and train dogs, talks about license
10 number. Well, that's not your license number is it?

11 A. No, sir, I don't have one.

12 Q. And then it talks about course subject taught. Can you
13 read those two courses?

14 A. "Police K-9 handlers course, police K-9 trainers course."

15 Q. Did you ever teach any of these courses for Mr. Croft?

16 A. No, sir.

17 Q. Did you ever agree to teach any of those courses for
18 Mr. Croft?

19 A. Only under contract if we were awarded the contract.

20 Q. Were you ever awarded the contract?

21 A. No, sir.

22 Q. And in 2015, was your relationship such that you would have
23 been teaching for him?

24 A. No, sir. Within a week of that date, I was actually
25 working for Homeland Security.

1 Q. And if we go to 6g, Government Exhibit 6g, page 15. This
2 is an application that was submitted received by the Texas
3 Veterans Commission on March 4, 2016. This is the same type of
4 page that we were looking at before. Is your name also on this
5 list?

6 A. Yes, sir.

7 Q. And what courses does it indicate that you will be teaching
8 then?

9 A. "Police K-9 handlers course, police K-9 trainers course,
10 K-9 interdiction course, behavioral modification and kennel
11 master course."

12 Q. Now, in March of 2016, had you agreed to teach those
13 courses for Mr. Croft?

14 A. No, sir. I'm not even somebody that should be teaching a
15 K-9 interdiction course. That's not something I teach.

16 Q. Now, again this is very important, sir, at any time did you
17 give Mr. Croft permission to use -- well, let me go back a
18 second. If we could go back to page 15. And let's go to page
19 16 -- page 28. Can you tell us what this is?

20 A. That was my clearance to go over to Afghanistan and work
21 for K2 Solutions.

22 Q. Did you authorize Mr. Croft to submit this paperwork to the
23 Texas Veterans Administration?

24 A. No, sir.

25 Q. Go to the next page. This is what we refer to as a DD-214,

1 is that correct?

2 A. Yes, sir.

3 Q. Did you authorize Mr. Croft to submit this to Texas
4 Veterans Commission?

5 A. No, sir. This is another one that was given to him for
6 contract purposes.

7 Q. And this was given to him long before the 2016 when this
8 was submitted, is that correct?

9 A. Yes, sir.

10 Q. And if we go to the next page, the back of it, go to the
11 next page, can you tell me what this is?

12 A. The very first one is my military work in dog handlers
13 course, that shows when I first started as a dog handler.

14 Q. The one below that?

15 A. I was the honor grad for that course.

16 Q. Did you ever give him authority to send these in?

17 A. No, sir, not for other than contracting purposes.

18 Q. Let's see the next certificate. Can you tell us what this
19 is?

20 A. That's when I joined the military the very first time, that
21 was my MP School for joining the Army.

22 Q. Did you give him authority to use that certificate?

23 A. No, sir.

24 Q. Let's go back to Government Exhibit 6f. I believe again if
25 we could start at page 69, go to page 82. I'm going to flip

1 through a few pages. These are the same certificates we just
2 talked about. These were sent with the attachment in October
3 of 2015. Did you give anybody authority to use these
4 certificates in October of 2015?

5 A. No, sir.

6 Q. Again this is your clearance?

7 A. Yes, sir.

8 Q. And if we flip through them, DD-214 again, and the
9 collection of your certificates, is that correct?

10 A. Yes, sir.

11 Q. Did you give him authority either in October of 2015 or
12 March of 2016 to use your certificates?

13 A. No, sir.

14 Q. Did you give him authority to use your name?

15 A. No, sir.

16 Q. Did you have any working relationship with him at that
17 point?

18 A. No, sir.

19 Q. What was the only thing that you agreed to do with
20 Mr. Croft?

21 A. Basically we were working on contracting. If he was
22 awarded one of these contracts through the military Department
23 of Defense, that he would bring me on as one of the leads to
24 run the program.

25 Q. And did you even have that understanding with him after

1 August of 2014?

2 A. I don't understand the question, sir.

3 Q. Did you have an understanding where if he had gotten one of
4 those contracts, you would have come back after August of 2014
5 after you had the break with him?

6 A. No, that was the end. There was nothing after that.

7 MR. SUROVIC: No further questions, Your Honor.

8 CROSS-EXAMINATION

9 BY MR. MCHUGH:

10 Q. Mr. Stanley, my name is Tom McHugh. Good afternoon.

11 A. Afternoon, sir.

12 Q. You and I have not visited, have we?

13 A. No, sir.

14 Q. And I represent Mr. Bradley Croft. Are you aware of that?

15 A. Yes, sir.

16 Q. Because you saw where I've been sitting, correct?

17 A. Yes, sir.

18 Q. And in regard to your notes that you brought with you into
19 the courtroom today, I'm not challenging the accuracy of these
20 notes, but how did you put together this three-page summary?

21 A. This three-page summary is just based off e-mail traffic.

22 Q. So there are e-mails that relate to this?

23 A. Yes, sir.

24 Q. And are there other sources of information that you used to
25 put this together?

1 A. Just conversations between -- there was nothing in writing,
2 conversations between myself and Mr. Croft.

3 Q. And did you put those conversations into a diary?

4 A. No, sir, I did not.

5 Q. How are you able to recall these dates and times?

6 A. For me it was fairly simple. It was based off around what
7 we were trying to work on at that time. As far as when I left
8 there, it was pretty simple because I started another job. The
9 dates and times and conversations were fairly simple to come up
10 with. We didn't spend a lot of time together, a lot of it was
11 e-mail traffic because I was gone for one year.

12 Q. And you were interviewed by agents including an agent at
13 the Federal Bureau of Investigation or assigned to that task
14 force back in May of 2018, were you not?

15 A. Yes, sir.

16 Q. And were they taking notes when you were interviewed, do
17 you know?

18 A. I believe they were, yes.

19 Q. Did they ask you whether or not they could record that
20 interview?

21 A. I don't remember them recording it. It's been a while, so
22 I was interviewed twice.

23 Q. And one time was in May of 2018. When was the other time?

24 (Pause.)

25 It's not a trick question.

1 A. Two to three months prior.

2 Q. So this is all back in the spring of 2018?

3 A. Uh-huh, yes, sir.

4 Q. And in regard to the interview, have you had the occasion

5 to look at the agent notes of your interview or to look at

6 their summary of your interview?

7 A. No, sir.

8 Q. And in regard to your interview being recorded, did the

9 matter of it being recorded ever come up?

10 A. Not that I remember, sir.

11 Q. And you know a Wesley Keeling, do you not?

12 A. I know of him, I met him one time.

13 Q. Only on one occasion?

14 A. Yes, sir.

15 Q. And when is the last time you may have visited with him?

16 A. That would have been August of 2014 when I was actually

17 training Officer Bost with K-9 Clyde.

18 Q. So y'all weren't outside together all day yesterday and

19 today?

20 A. I wasn't here yesterday, sir.

21 Q. Today?

22 A. I met him briefly today, yes.

23 Q. And you were sitting with him?

24 A. Yes, sir.

25 Q. Of course, you did not discuss or have the conversation

1 regarding the events or Mr. Croft, did you?

2 A. No, sir.

3 Q. In regard to these e-mails, how many e-mails were there
4 that you referred to that were used when you put together this
5 three-page summary of what your testimony has been this
6 afternoon?

7 A. I couldn't give you an exact number. I would venture to
8 guess between Universal K-9 and directly from Mr. Croft's
9 personal e-mail, 25 to 30.

10 MR. MCHUGH: Your Honor, we would ask, not necessarily
11 at this time, but we would ask that these e-mails be produced,
12 they being the source product for his summary.

13 MR. SUROVIC: First of all, Your Honor, the summary is
14 not in evidence. It was merely a guide to help him keep
15 straight when things happened. And the government is not in
16 possession of the e-mails.

17 THE COURT: They don't -- I mean if you want to
18 subpoena them, you can subpoena them, but they don't have any
19 control over them.

20 MR. MCHUGH: I'm not suggesting, Your Honor. But the
21 Court, of course, has the authority since he used these
22 documents to prepare for his testimony to require that he copy
23 and produce notes, we would ask that.

24 THE COURT: Well, how much difficulty would it be for
25 you to locate all these e-mails?

1 THE WITNESS: Not difficult at all, sir.

2 THE COURT: How many e-mails are there?

3 THE WITNESS: Twenty-five to 30. Some of those
4 e-mails thread to two or three different conversations.

5 THE COURT: Can you do that?

6 THE WITNESS: Yes, I can, sir.

7 MR. MCHUGH: And Your Honor, I believe I can represent
8 to the Court that it is not my desire to prolong this or to
9 drag him back into the courtroom. It's just if it's a source
10 document, I would just like --

11 THE COURT: It's just a source document for him to
12 refresh his recollection, but that's okay. I mean it isn't a
13 source document for anything that was entered into evidence.

14 MR. MCHUGH: His testimony is in evidence though.

15 THE COURT: I don't know that he used the e-mails in
16 his testimony other than --

17 MR. MCHUGH: That is his testimony.

18 THE COURT: Did you use your e-mails?

19 THE WITNESS: As a timeline, yes.

20 THE COURT: For the timeline.

21 THE WITNESS: Yes.

22 THE COURT: Did you recollect what had gone on
23 independent of the e-mails?

24 THE WITNESS: Absolutely, I just needed a timeline of
25 when it happened.

1 MR. MCHUGH: Twenty-five e-mails, Your Honor,
2 respectfully.

3 THE COURT: Counsel, I haven't turned you down. I'm
4 trying to figure out what we're doing here. So --

5 MR. MCHUGH: Don't allow me to rush the Court, Your
6 Honor.

7 THE COURT: Don't worry, you won't. Well, what do you
8 want to do with cross-examining him?

9 MR. MCHUGH: I will continue to cross-examine him.

10 THE COURT: I don't want to replow the field here
11 tomorrow.

12 MR. MCHUGH: It's my representation to the Court that
13 I would like these for my record for my file for me to review.
14 I am not challenging his words or his honesty before this
15 Court. I'm not suggesting that these e-mails would be -- would
16 contradict his testimony here. I'm doing my due-diligence.

17 THE COURT: Can you do that and bring them back
18 tomorrow?

19 THE WITNESS: Yes, sir.

20 THE COURT: Thank you.

21 MR. MCHUGH: May I proceed, Your Honor?

22 THE COURT: Yes.

23 BY MR. MCHUGH:

24 Q. Sir, take us back to -- it is your testimony, as I recall,
25 that the first time that you engaged with Mr. Croft, there were

1 four or five major players at the time, is that correct?

2 A. Within the company?

3 Q. No, no. You were looking for a -- it is your testimony
4 that when you met him, the question was from the government how
5 did you meet him. And let me just ask you that. How did you
6 meet Mr. Croft?

7 A. Basically I called him and discussed employment
8 opportunities and then we set up a meeting. I don't know
9 exactly when the meeting was.

10 Q. And in regard to that call to him, why is it that you
11 reached out to him as opposed to -- as an employment
12 opportunity as opposed to other similar companies?

13 A. Other similar companies weren't hiring. Hill Country K-9
14 out of Somerset, Global K-9 Academy out of San Antonio, I had
15 just left Worldwide K-9. There was a couple other upstarts,
16 Full Armor K-9 that was a one-man show, he was in the same
17 boat, couldn't afford to hire anyone else.

18 Q. So when you called Mr. Croft, you knew that there were no
19 employment opportunities for you at some of these other
20 schools?

21 A. Yes, sir.

22 Q. Had you called them asking them also for employment?

23 A. Yes, sir.

24 Q. And Mr. Croft was down the chain in terms of who you
25 reached out to?

1 A. Yes, sir.

2 Q. And in regard to -- did you vet him, did you vet his school
3 before you placed that call?

4 A. Other than looking at his website and talking to prior
5 employees of his, no, sir.

6 Q. And the prior employee is -- what is his name?

7 A. Mr. Ray Nunez and Mr. Chris Tillman.

8 Q. Ray Nunez had at one time a relationship in the dog
9 business with the defendant, Bradley Croft?

10 A. Yes, sir.

11 Q. And you and he had a conversation. And after that
12 conversation and after there being no employment opportunities
13 with other dog companies, as you worked your way down the list,
14 you called Mr. Croft?

15 A. Yes, sir, I don't believe there was up or down the list. I
16 had five major companies, him being the smallest and happened
17 to be the last one.

18 Q. And so you weren't necessarily rating or ranking those
19 companies?

20 A. Correct, sir.

21 Q. You were familiar with his website at the time?

22 A. Yes, sir.

23 Q. And I take it Mr. Ray Nunez did not tell you don't go see
24 Bradley Croft?

25 A. No, sir. If he had, I probably wouldn't have called him.

1 Q. And so somebody -- who is Ray Nunez to you?

2 A. He actually worked for Worldwide K-9, left there to go to
3 Mr. Croft's company and I knew that he was running a company
4 called Full Armor K-9.

5 Q. So you and he had worked together?

6 A. No, sir.

7 Q. Never at Worldwide?

8 A. No, sir.

9 Q. How did you know him?

10 A. Basically word of mouth from Mr. Croft and Mr. Hawkins from
11 Worldwide K-9.

12 Q. No, no. I'm sorry. Bad question. How were you introduced
13 to Mr. Nunez?

14 A. Same thing. I made a phone call.

15 Q. And receiving no negative information back regarding
16 Mr. Croft, you first reached out to him I believe in
17 approximately 2012 is your testimony?

18 A. Either late November, early December, yes.

19 Q. And your timeline says December 2013, so that would be an
20 error?

21 A. Yes, I had stated that when we first started, sir.

22 Q. So your relationship with him dates back to 2012?

23 A. Yes, sir.

24 Q. And your relationship was initially as we're considering him
25 and hopefully he would consider you as an employment

1 opportunity?

2 A. Yes, sir.

3 Q. And you continued to remain in contact and in touch with
4 him?

5 A. Yes, sir.

6 Q. Had you yet met him in person or only talked with him on
7 the phone?

8 A. We met in person fairly quickly after the December phone
9 call, maybe a couple weeks, to sit down and discuss stuff. A
10 lot of times when he e-mailed me, sir, hey, we need to sit down
11 and talk. So we did have some meetings.

12 Q. Where would those meetings have taken place?

13 A. Most of the time they were at his home.

14 Q. And you had referred to, in your list of companies,
15 upstarts. Would you refer to his company at the time as an
16 upstart?

17 A. At that time, I didn't know how far in the business he was.
18 I know he had prior employees that no longer worked there,
19 Mr. Nunez and Mr. Tillman. I didn't know how long he had been
20 in business.

21 Q. Did you learn when you visited with him?

22 A. When I visited with him, it was discussions about getting
23 contracts to make the big money contracts and that's what the
24 interest went towards.

25 Q. For his business to grow, for him to generate income and

1 for you to be an employee?

2 A. Yes, sir.

3 Q. And when you visited with him, the position that y'all were
4 discussing was for you to be the program manager?

5 A. Yes, sir, for a contract that was awarded.

6 Q. What is the responsibility or -- the role or responsibility
7 of a program manager?

8 A. Depends on the contract. It's all in statements of work,
9 but for, like, the Navy Special Warfare contracts, they
10 actually have an east and west, they have schoolhouses on both
11 sides of the country. The program manager will be in charge of
12 the entire program, east, west and everything. It would have
13 leadership underneath him to physically run those individual
14 training courses.

15 Q. Would it be fair to say that you were interested in a
16 relationship with him and he was interested in a relationship
17 with you?

18 A. At that point, I believe so, yes, sir.

19 Q. Did you believe he had respect for your background,
20 experience and training?

21 A. Yes, sir.

22 Q. Did you tell him what your background, experience and
23 training was?

24 A. Absolutely.

25 Q. What did you tell him about that?

1 A. It would have been the same thing I opened this court with,
2 from my military career all the way through working for
3 Worldwide K-9.

4 Q. And you have looked at -- the government showed you
5 Government's Exhibit 6f, I believe. Do you recall that?

6 A. You'd have to show me again what it is, sir.

7 Q. 6f is --

8 MR. MCHUGH: If you can bring up 6f. So if you scroll
9 down to Mr. Stanley.

10 BY MR. MCHUGH:

11 Q. Is it a true statement that you were a military kennel
12 master and certified in that?

13 A. I believe what is supposed to be on there, I was a kennel
14 master, I was also a program manager and a certifying official.
15 I was able to certify dogs and dog teams in the country.

16 Q. So this information as you read it as it describes you, and
17 I'm not going into the permission aspect of it, adequately and
18 accurately describes your experience?

19 A. Yes, sir, although brief, yes it does, sir.

20 Q. Although brief. And then I believe on page 82 of 6f, are
21 you able to see that?

22 A. Yes, sir.

23 Q. And if we scroll to the next page. And to the next page,
24 and to the next page. There is a certificate of training and
25 it has your name on it, does it not?

1 A. Yes, sir.

2 Q. And part of that -- part of it is redacted out, correct?

3 A. That's correct.

4 Q. And that's a personal identifier number for courtroom
5 purposes.

6 A. Okay.

7 Q. Is that an accurate --

8 MR. SUROVIC: Your Honor, just for clarification, I
9 don't know if counsel understands, the redaction is actually a
10 redaction of the witness's Social Security number.

11 THE COURT: That's what I understood.

12 MR. SUROVIC: You said something about it being for
13 court purposes.

14 MR. MCHUGH: That's what it was redacted for.

15 THE COURT: When I went through Military Police
16 Officer Basis School at Fort Gordon, we got a similar
17 certificate, so I'm familiar with it.

18 MR. MCHUGH: Okay.

19 BY MR. MCHUGH:

20 Q. And the next certificate is a military police school. And
21 that is a certificate that you earned or were awarded, correct?

22 A. That is correct.

23 Q. And so let's just kind of scroll through to the next one.
24 And are any of these here, as we continue to scroll through
25 because there are several, they all relate to you, do they not?

1 A. Yes, sir.

2 Q. And they were all in your possession at one time, were they
3 not?

4 A. Yes, sir.

5 Q. And they were all truthful and accurate as to the
6 information contained on that, were they not?

7 A. Yes.

8 Q. And it is your testimony that as you continued to -- I
9 believe you went to back in -- if you look at your timeline,
10 back in March 2013, you took employment with K2 Solutions,
11 correct?

12 A. That is correct.

13 Q. And that put you in Afghanistan?

14 A. Yes, sir.

15 Q. And so you were gone for a year?

16 A. Yes, sir.

17 Q. And but then you returned. And did you continue visiting
18 or having communication with Mr. Croft?

19 A. Yes, I did.

20 Q. And it is your testimony that back in April of 2013 when
21 you returned, he was sending you e-mails and you were
22 continuing your relationship, were you not?

23 A. You said that when I returned. That's actually when I
24 departed.

25 Q. Oh, that's when you departed.

1 A. I left in March and didn't come back until February the
2 next year.

3 Q. I'm sorry. But when you returned in -- when do you return?

4 A. February of 2014.

5 Q. But in May of 2013 and in September of 2013 you continued
6 to communicate with Mr. Croft?

7 A. Those were the e-mails that were sent to me basically just
8 discussions between Mr. Croft and Mr. Hawkins of Worldwide K-9.
9 Those aren't solicited or talking about work environment. That
10 was just his sending copies of e-mails that he was dealing with
11 Mr. Croft. That wasn't really soliciting anything as far as
12 employment.

13 Q. September 2013, "This was the time I was attempting to get
14 hired." Hired by whom?

15 A. By Mr. Croft. I knew my contract was going to run out and
16 at some point I was going to have to have a job when I
17 returned.

18 Q. And there's nothing about your at that point your history
19 with him and your communications with him that soured you on
20 being a program manager for him at some point?

21 A. Not under contract, no, sir.

22 Q. And he was not able to hire you, it is your testimony you
23 did piecemeal work, piecemeal work, but he was not able to take
24 you on as a full-time employee, correct?

25 A. That is correct.

1 Q. That was your desire and your hope, was it not?

2 A. It was my desire to have a full-time job training dogs,
3 yes, sir.

4 Q. And at that time, you thought you and he would be a good
5 fit?

6 A. At that point, yes, sir.

7 Q. And he was well aware of your history and your background,
8 correct?

9 A. Yes, sir.

10 Q. And these documents that we just looked at here in
11 Government Exhibit 6f, when and how did you deliver those to
12 Mr. Croft?

13 A. Those were -- I'd have to look back. I want to say that I
14 sent them to him digitally through e-mail. I don't know that I
15 was taking hard copies of them for him to copy, so I'm sure
16 they were sent digitally to him, but that was for the purpose
17 of the Navy contract, Special Warfare contract, so it showed my
18 capabilities to fill that position as a program manager.

19 Q. So it was your hope or your desire that he with that
20 information could possibly get a government contract?

21 A. Yes, sir.

22 Q. Okay. And with your background and experience and pursuant
23 to your conversations with Mr. Croft, that you would be the
24 program manager?

25 A. Yes, sir.

1 Q. And had you yet discussed a salary or how you would be
2 paid?

3 A. Basically the information that we discussed and it was very
4 loosely talked about as far as salary, he said if I was a
5 program manager, it would be well over six figures.

6 Q. And then you return -- well over six figures?

7 A. Yes, sir.

8 Q. You did not object to that?

9 A. Absolutely not.

10 Q. There's nothing wrong with making money?

11 A. Absolutely.

12 Q. There's nothing wrong with defendant Croft sitting here
13 making money, is there?

14 A. No, sir.

15 Q. If you do it lawfully, legally?

16 A. Yes, sir.

17 Q. In regard to Universal K-9, when you went out to his home
18 before you left for Afghanistan and you had a number of visits
19 out there, when you returned from Afghanistan, did you again
20 see him?

21 A. Yes, sir.

22 Q. Where did you see him on this occasion?

23 A. It would have been at his home. Actually we were still
24 looking at Navy contracts. I even brought colleagues in from
25 the military when we were working on the east and the west side

1 to try to fill those slots. It was another company that we
2 were using, Olive Branch K-9. We were basically setting
3 everything up to send in a copy of what we could do for that
4 contract.

5 Q. So you and he were working together in concert to -- in
6 attempting to get those contracts?

7 A. Yes, sir.

8 Q. And if you had received those contracts -- and you had had
9 them before, had you not?

10 A. Which contract are you speaking of?

11 Q. Had you had government contracts before?

12 A. The one in Afghanistan, yes.

13 Q. And in regard to if you had been successful with Mr. Croft,
14 you had visited with him and you talked about what your salary
15 may be, correct?

16 A. Yes, sir.

17 Q. And you would be paid a six-figure salary and you would be
18 responsible for any cost or overhead of the operation of the
19 business?

20 A. No, sir.

21 Q. So you would be strictly an employee of the business?

22 A. Yes, sir.

23 Q. A titled employee of the business?

24 A. Yes, sir.

25 Q. And you were attracted to that, were you not?

1 A. Yes, sir.

2 Q. You thought that that would be in the future possibly a
3 good career move to have that on your resume?

4 A. I don't think, sir, it had anything to do with my resume.
5 I have a family that I have to feed, I wanted to put money in
6 my bank and food on my table.

7 Q. And that's a good motivation in itself, is it not?

8 A. Yes, sir.

9 Q. In regard to the defendant, Mr. Croft, did you and he ever
10 do any trips together? Did you go to any conventions together?

11 A. They were discussed, but we never went to anything
12 together, no, sir.

13 Q. And the discussion was what, to expand your knowledge base
14 or your certification or what?

15 A. No, sir, there was a couple -- and once we have the
16 e-mails, you'll be able to see this as far as the date and time
17 frame. I believe one was in Oklahoma to go up there and it was
18 more of a collective bargaining of a lot of professionals in
19 the industry to get together and trade ideas, that type of
20 thing. And we had discussed going up to that, but it never
21 came about.

22 Q. Never came to fruition?

23 A. No, sir.

24 Q. But you continued to talk, did you not?

25 A. Yes, sir.

1 Q. And he had your permission to use your resume and those
2 certificates as they may relate to prospective government
3 contracts?

4 A. For two individual ones, for the Air Force and Fort Bullis
5 and for the Navy Special Warfare, yes.

6 Q. That's right. Let me visit with you for just a bit, the
7 government went into it. If you could compare and contrast
8 what is maybe a working dog with a shelter dog. I don't know
9 if those are words of art, but it's what we have heard in the
10 courtroom.

11 A. Okay.

12 Q. So what is a working dog?

13 A. It's very vague, but a working dog is a dog that is trained
14 to do the mission you're requesting him to do. It's got to
15 have all the proper drives, motivations, principles of
16 conditioning which is dog psychology, how a dog thinks, using
17 their natural behaviors that they want to do to use those to
18 your advantage to get them to find a specific odor.

19 Q. And may a shelter dog actually on occasion become a
20 working -- valuable working dog?

21 A. Sir, I'm not going to say it's not possible, but in the one
22 year that I worked at Canyon Lake Animal Shelter, I seen zero
23 that come through that shelter. I'm saying it's not
24 impossible.

25 Q. Have you heard success stories coming out of Universal K-9

1 regarding their shelter dogs?

2 A. I've seen the news stories and nothing personal on a
3 personal level.

4 Q. What did you learn or what did you understand from the news
5 stories?

6 MR. SUROVIC: Your Honor, I'm going to object at this
7 time because we are going to hearsay again.

8 THE COURT: Sustained.

9 MR. MCHUGH: This is state of mind, Your Honor.

10 THE COURT: No, I don't think it's state of mind. No,
11 there's no imminent event. I don't think it's state of mind.

12 BY MR. MCHUGH:

13 Q. Through your association or relationship with Mr. Croft,
14 you were introduced to other trainers, were you not?

15 A. As far as who worked for him?

16 Q. Do you know a -- yes, as far as who worked for him.

17 A. When I met him, there was nobody else working for him.

18 Q. And in regard to -- if you can go to -- do you know a
19 Mr. Keeling?

20 A. I said I met him one time out at a training area when I was
21 dropping off K-9 Clyde to Officer Bost.

22 Q. And where did you meet him?

23 A. At the Dodson homes, I don't remember the exact name of the
24 company.

25 Q. And were other persons there?

1 A. There were several police officers.

2 Q. What was the occasion or purpose for you and they being
3 there on that occasion?

4 A. For me being there, it was one hundred percent to teach
5 Officer Bost how I work that dog and how to work that dog
6 properly to succeed in the future.

7 Q. Government Exhibit 50 please -- I mean Defendant Exhibit
8 Number 50. Have you seen that photograph before?

9 A. I do not remember, no, sir.

10 Q. Do you recognize anybody in that photograph? Let's start
11 from the left as you look at it in the green shirt?

12 A. One face that's familiar and that's number five from the
13 left.

14 Q. That would be Mr. Peek?

15 A. In the white shirt and the cowboy hat.

16 Q. What about third from the left?

17 A. Kind of hard to see on this screen, sir.

18 Q. Do you recognize that as the defendant, Bradley Croft?

19 A. It looks like him. Like I said, it's hard to see with the
20 shadows. Normally I don't see him wearing a hat.

21 Q. There you go.

22 A. Yes, sir.

23 Q. And do you see what he is wearing? Are you familiar with
24 Universal K-9 shirts or their monograms?

25 A. The logo, yes, sir.

1 Q. And is that a Universal K-9 logo?

2 A. I believe it is, sir, yes.

3 Q. And if you moved to Mr. Croft's left, that person wearing

4 that shirt, though you may not know him, do you know him?

5 A. No, I do not.

6 Q. Is he also wearing a Universal K-9 shirt?

7 A. Yes, he is.

8 Q. Go back to the main photo and we go second from the right

9 or sixth in, that person there, do you recognize that person?

10 A. No, sir.

11 Q. What is he wearing?

12 A. Universal K-9 logo.

13 Q. And you did piecemeal work for Mr. Croft, did you not?

14 A. Yes, I did.

15 Q. And when you did that piecemeal work, did you wear a

16 Universal K-9 shirt?

17 A. No, I did not.

18 Q. Have you ever worn a Universal K-9 shirt?

19 A. He sent me a couple T-shirts when we first started talking.

20 I never wore them. Actually they were thrown in the trash

21 brand new.

22 MR. MCHUGH: May I have one moment, Your Honor?

23 THE COURT: Certainly can.

24 (Pause.)

25 MR. MCHUGH: Thank you very much, sir. I have no

1 additional questions at this time.

2 MR. SUROVIC: If we could put up Defense Exhibit 50
3 again real quick.

4 REDIRECT EXAMINATION

5 BY MR. SUROVIC:

6 Q. Sir, do you know how one goes about getting a Universal K-9
7 logo equipment, hats, shirts, anything like that?

8 A. They'd have to come from Mr. Croft, I believe.

9 Q. Do you know if they're given out generally, if they're sold
10 to the public, given to students?

11 A. That, I don't know.

12 Q. You don't know how these guys got their shirts?

13 A. No, sir.

14 Q. You indicated that you had met Wes Keeling once in regards
15 to your training of another officer. What was he doing out
16 there?

17 A. I believe that was when he was very first started talking
18 to Mr. Croft. He was basically watching me train K-9 Clyde.

19 Q. So he wasn't training anybody else while he was out there?

20 A. Not at that point, no, sir.

21 Q. You talked a little bit about Government Exhibit 6f and
22 Government Exhibit 6g, those were the applications. Concerning
23 that application in October of 2015, if we could go ahead and
24 go to 6f, I believe it is page 69 and if we could scroll to the
25 bottom here. First of all, at the top it says, "Roster of

1 administrative and instructional staff." And of course your
2 name, you've already identified your name is on this list?

3 A. Yes, sir.

4 Q. Scroll to the bottom, it says I certify that the
5 information on this form is true and correct. Was it true and
6 correct that you were going to be an instructor for Universal
7 K-9 in October of 2015?

8 A. No, sir.

9 Q. Was it true that you were going to be an instructor for
10 Universal K-9 any time in the year of 2015?

11 A. No, sir.

12 Q. 6g is a similar thing you testified about, it involves the
13 application that was made in March of 2016. Is the statement
14 that you would be an instructor for Universal K-9 in March of
15 2016 true and correct?

16 A. No, sir.

17 Q. Or at any time in 2016?

18 A. No, sir.

19 Q. There's already been evidence that Mr. Croft actually got
20 V.A. approval in March -- later in 2016 to teach G.I. Bill
21 courses for the V.A. Did he call you in the year 2016 saying,
22 hey, I finally got the contract with the Veterans
23 Administration, can you come on over and start teaching?

24 A. No, sir.

25 Q. When was the next time -- since 2014, August of 2014, how

1 many times have you had contact with Mr. Croft?

2 A. Today.

3 Q. And that's it?

4 A. That's it, sir.

5 Q. He never called you to tell you I want you as an
6 instructor?

7 A. No, sir.

8 MR. SUROVIC: No further questions, Your Honor.

9 RECROSS-EXAMINATION

10 BY MR. MCHUGH:

11 Q. Sir, do you have your outline before you?

12 A. Yes, I do, sir.

13 Q. And under October 2016, and I may be misreading it, but
14 when you say he immediately called me, and that's halfway
15 through the paragraph, who were you referring to?

16 A. The colleague that actually was trying to get a trainer's
17 course and he contacted Universal K-9 and they sent him a
18 student catalog.

19 Q. Who is this now?

20 A. Michael Makowski (*ph*).

21 Q. So he called you. At the time when the contract was
22 awarded, it is accurate to say that you were able to feed the
23 young mouths in your house?

24 A. Which contract are you referring to, sir?

25 Q. I believe the Homeland Security.

1 A. That's a permanent job, it's not a contract.

2 Q. Well, same as contract. But at the time you received that
3 employment, and I take it it's very steady employment?

4 A. Yes, sir, after the first year, of course, you've got to go
5 through a probationary period.

6 Q. And you still work there?

7 A. Yes, sir.

8 Q. So you were not at all interested at that point because you
9 had a good government job to work for Mr. Croft?

10 A. Absolutely not.

11 Q. And are you able to say that if you had lost that position
12 whether or not you would consider working for him?

13 A. No, after we departed in August of '14, I was done with his
14 company altogether. Like I said, after K-9 Clyde and the
15 secondary dog that he was upset that I couldn't train, I was
16 done with his company one hundred percent.

17 Q. And so your disagreement with him was related to that dog,
18 Clyde?

19 A. That and the secondary dog that he wanted trained that was
20 not capable.

21 MR. MCHUGH: Thank you very much.

22 MR. SUROVIC: We have no further questions, Your
23 Honor.

24 THE COURT: Okay. You can be excused, sir.

25 THE WITNESS: Thank you.

MR. SUROVIC: We request that he be permanently excused, but I understand --

THE COURT: No, he's got to come back tomorrow. Can you be here 9:00 tomorrow morning?

THE WITNESS: Yes, sir. Do you want paper copies?

THE COURT: If you just bring one paper copy, that will be fine.

THE WITNESS: Of each e-mail?

THE COURT: You can run them together.

THE WITNESS: That will be difficult. As you open the e-mail, it prints that one e-mail.

THE COURT: Of each e-mail then, one copy of each e-mail. That will be fine. Thank you.

14 THE WITNESS: Okay.

THE COURT: Let's take a very short bathroom break here and we'll be back.

COURT SECURITY OFFICER: All rise.

(3:54 p.m.)

* * *

(4:12 p.m.)

21 || COURT SECURITY OFFICER: All rise.

22 MR. SUROVIC: Your Honor, Mr. McHugh suggested to me
23 that in order to save Mr. Stanley a trip over to the courthouse
24 tomorrow morning, if I were to have Mr. Stanley e-mail the
25 documents to me, then I could print them out and bring them to

1 court, that that would be acceptable to him, that he doesn't
2 need Mr. Stanley tomorrow morning.

3 THE COURT: Is that right?

4 MR. MCHUGH: That is correct, Your Honor.

5 THE COURT: So you don't want to examine him on
6 documents?

7 MR. MCHUGH: I don't believe that I'm going to examine
8 him on the documents.

9 THE COURT: That's all right with me. I don't have a
10 problem with that if you need him.

11 MR. MCHUGH: If I need him, I'll call him, but I'm
12 representing to the government now that I don't believe that
13 I'm going to find that e-mail that requires me to bring him
14 back.

15 THE COURT: That's fine.

16 MR. SUROVIC: I suspect he'll be subject to recall.

17 THE COURT: That's fine.

18 MR. SUROVIC: If that's okay with the Court.

19 THE COURT: It's fine with me. Look, you're running
20 your own cases. I'm not running your case.

21 MR. SUROVIC: You gave an order, Judge, and we're not
22 going to violate your order.

23 THE COURT: That was because, you know, Mr. McHugh
24 wanted the documents and I determined that he should have them.
25 And so the only way I knew to get them is to have him bring

1 them back. If you want to do it this way, that's fine.

2 MR. MCHUGH: Yes, as an accommodation.

3 THE COURT: Sure. Where does he live?

4 MR. SUROVIC: Canyon Lake.

5 THE COURT: Which is a ways out.

6 MR. SUROVIC: Yes, sir, it's outside of New Braunfels.

7 THE COURT: I know where it is.

8 All right, Mr. Surovic your next witness.

9 MR. SUROVIC: Your Honor, there's some clarification,
10 we had originally announced that Mr. Alongi was going to be a
11 witness for the United States, but we entered into a
12 stipulation of testimony with the defense and so Mr. Alongi has
13 come into the courtroom. We have no objection to it. I've
14 just consulted with defense counsel, they have no objection to
15 it.

16 THE COURT: That's only the second time in my life
17 I've heard of Alongi as a last name. The first time was when
18 my -- I married my niece to an Alongi. Are you related to that
19 family?

20 MR. ALONGI: Your Honor, it's A-lon-gee (*ph*) and I
21 don't know. There are very few of us.

22 MR. MCHUGH: But if it helps.

23 MR. ALONGI: You know what, I think I remember.

24 THE COURT: Well, I've got to know that, because I've
25 got to disclose it.

1 MR. ALONGI: It was a joke, Your Honor. I don't know.

2 THE COURT: Because my niece is married to a Joe
3 Alongi. He's a mortgage broker.

4 MR. ALONGI: Is he from Chicago?

5 THE COURT: California.

6 MR. ALONGI: Probably not.

7 THE COURT: Not the same family.

8 MR. ALONGI: We came from a little town in Sicily, so
9 it's named after that, it's a long story.

10 THE COURT: You could go back to Adam and Eve, I
11 guess, but I'm talking about a reasonable trip back.

12 MR. ALONGI: No, I can't. We looked for each other
13 and it's rare when you find another Alongi.

14 THE COURT: You're not the same family, I don't think.
15 Well, there's no relationship that I'm aware of. That's fine.
16 I've got his testimony in stipulated form, I think.

17 MR. SUROVIC: Correct, Your Honor. I believe it's
18 even been filed already.

19 THE COURT: So we're good. Anybody intend to call him
20 back?

21 MR. SUROVIC: No, Your Honor.

22 THE COURT: Then he can stay in the courtroom then.

23 MR. SUROVIC: Exactly, Your Honor.

24 THE COURT: Next.

25 MR. ESPARZA: The United States would call Anthony

1 Ward.

2 THE COURT: We've got to get out of here by 4:45.

3 MR. SUROVIC: And Your Honor, that's one of the
4 reasons why we picked him is we think he's going to be a short
5 witness.

6 THE COURT: Come on up, sir.

7 COURTROOM DEPUTY CLERK: Please raise your right hand.

8 * * *

9 (ANTHONY WARD, *Government Witness, Sworn.*)

10 * * *

11 THE WITNESS: Yes, ma'am.

12 DIRECT EXAMINATION

13 BY MR. ESPARZA:

14 Q. Good afternoon, Mr. Ward.

15 A. Good afternoon.

16 Q. Can you state your name for the record?

17 A. Anthony Ward.

18 Q. Could you please spell your last name?

19 A. W-A-R-D.

20 Q. Where are you currently employed right now?

21 A. My Buddy's Pet Resort in San Marcos, Texas.

22 Q. And this is in no way to embarrass you in any fashion
23 whatsoever, but do you have any criminal history?

24 A. Yes, I do.

25 Q. Just briefly what kind?

1 A. Back in the late eighties I got in trouble for possession
2 and just a few other charges for theft, things like that.

3 Q. But nothing recent?

4 A. Nothing, nothing.

5 Q. Did you do any time for what you did, any prison time?

6 A. I did a few months in county jail, but that's as far -- I
7 didn't do anything else.

8 Q. Do you know a Bradley Croft?

9 A. Yes, I do.

10 Q. Is he in the courtroom today?

11 A. Yes, he is.

12 Q. Can you identify him and point to him, name an article of
13 clothing that he's wearing?

14 A. Black jacket, good-looking gentleman over there.

15 MR. ESPARZA: I'd like the Court to note that witness
16 has identified Mr. Croft.

17 THE COURT: The witness's identification is noted.

18 BY MR. ESPARZA:

19 Q. Did you ever get involved in any sort of business with
20 Mr. Croft regarding Universal K-9?

21 A. We spoke about it, but nothing official ever came of it.

22 Q. Did you ever receive a salary?

23 A. No, I did not.

24 Q. Did you ever offer your name or likeness for Mr. Croft to
25 use to promote the business?

1 A. I did at one point, yes, I did.

2 Q. At approximately what time did you offer that?

3 A. In the beginning when he was going through the application
4 process. He's a life-long friend, so I offered whatever help
5 that I could.

6 Q. Do you know what year that was?

7 A. Probably around 2012, that's when I came back and I was at
8 Texas State University.

9 Q. And did you ever retract that offer?

10 A. In 2017 when we decided to go our separate ways, that was
11 the only time I said, hey, can you take my name off the trucks
12 and things like that, but that was it.

13 Q. Do you know approximately when it was in 2017?

14 A. Probably around May or April, somewhere around there. I
15 can't remember exactly.

16 MR. ESPARZA: Can you pull up Exhibit 24, page nine
17 please, second page.

18 BY MR. ESPARZA:

19 Q. This is Exhibit 24, it's already been admitted. This is a
20 return filed by Universal K-9 regarding the charity. Can you
21 see it says part eight, box one, do you see your name anywhere
22 on there?

23 A. Yes, I do.

24 Q. And what does it have you listed as?

25 A. The treasurer.

1 Q. And if we can go back to page one. So this was filed for
2 tax year 2017 which began in January 1st and ended in
3 December 31st of 2017. You said 2017 was the year you had
4 asked him to retract your name, correct?

5 A. Yeah, I had been telling him right after the ski season, so
6 it was April, so probably around May or June, April, May.

7 Q. Throughout 2017 did you ever do any work as a treasurer for
8 Universal K-9?

9 A. No, sir, I did not.

10 Q. Moving on, were you ever involved in the purchase of
11 vehicles for Mr. Croft?

12 A. Yes, I was.

13 Q. The first vehicle, do you remember what it was?

14 A. Dodge Ram 1500.

15 MR. ESPARZA: Can you pull up Exhibit 29 please and
16 let's go to page -- page number five. Try six.

17 BY MR. ESPARZA:

18 Q. This is a purchase form for a white Dodge pickup at San
19 Marcos Dodge. The year, can you see what's under box two?

20 A. Yeah, I can see it.

21 Q. What does it say?

22 A. 2014.

23 Q. And if we'll zoom up the bottom where the signatures are
24 and under signature purchaser, whose name is listed there?

25 A. My name and that is my signature.

1 Q. That is your signature?

2 A. Yes, sir.

3 Q. Why did you purchase this vehicle?

4 A. Mr. Croft is a life-long friend and at that time we had
5 spoke, I think he was going through a divorce or just finishing
6 up his divorce and he had wrecked his Honda Odyssey and he
7 needed to get a new vehicle and he wanted to see if I could put
8 it in my name just because he was going through a divorce and
9 he felt -- that's what he asked me to do.

10 Q. Why did you choose this dealership in particular?

11 A. I had a friend that had worked there and because at the
12 time I was in school full-time, I didn't really have an income
13 and I had a friend that I knew that could possibly get us
14 financed.

15 Q. So you didn't have a job at the time?

16 A. No, I was in school full-time.

17 Q. Okay. Now, the vehicle, was it in your name only?

18 A. Yeah, I mean as far as that's what it looks like right
19 here.

20 Q. Did you make any payments on the vehicle?

21 A. No, I did not.

22 Q. Did you put any money down that day on the vehicle?

23 A. No, I did not.

24 Q. Let's show Exhibit 16, page 331. I'm showing you what's
25 been marked as Exhibit 16, it's page 331. There is a check

1 that's issued. Can you read where it says payoff account
2 forward?

3 A. Payoff account number 7443001, customer Anthony Ward.

4 Q. And what's the check's total amount for?

5 A. \$9,703.42.

6 Q. And go back. And where it says remitter, can you read who?

7 A. Remitter purchased by Universal K-9, Inc.

8 Q. Now, the check says that it was for the account in your
9 name. Did you issue or purchase that cashier's check for that
10 amount?

11 A. No, I did not.

12 Q. You said that you purchased this vehicle for Brad, correct?

13 A. Yes, I helped him purchase it.

14 Q. Did you ever transfer title into his name?

15 A. No, I think the title was transferred out of my name, but I
16 never transferred it into his name. No, I never did.

17 Q. And did he ever pay you any money for the vehicle?

18 A. No, just a favor for a friend.

19 Q. Is this the only time you've done this sort of favor for
20 Mr. Croft?

21 A. No, I've done it one other time, sir.

22 Q. And that other time, what was it for?

23 A. I wasn't living in town, I was living in Aspen, so I can't
24 tell you exactly what type of truck it was, but I believe it
25 was for the same type of truck.

1 Q. So another Dodge Ram?

2 A. Yes, sir.

3 MR. ESPARZA: Can you pull up Exhibit 28, page three?

4 BY MR. ESPARZA:

5 Q. This is the application for a Texas title. Under
6 applicant, whose name is listed?

7 A. Anthony Ward.

8 Q. And where it says previous owner, can you say who is listed
9 there?

10 A. Ancira Chrysler Jeep Dodge.

11 Q. Under box two, what year was the vehicle?

12 A. 2016.

13 Q. And the make?

14 A. Ram.

15 Q. And the color?

16 A. White.

17 Q. So was this the second vehicle?

18 A. Yes, sir.

19 Q. Again if we scroll to the bottom, under the
20 applicant/owner, whose name is listed?

21 A. That's my name, but that's not my signature.

22 Q. And did you authorize somebody to sign for you?

23 A. I did. He had sent me the paperwork and at that time me
24 and Mr. Croft were friends, so I told him that he had carte
25 blanch to signing my name for me.

1 Q. Again this was because you were in Colorado, correct?

2 A. Yes, sir.

3 Q. This vehicle, did you make any payments on it?

4 A. No, sir, I did not.

5 Q. Did you put any cash down that day?

6 A. No, sir, I did not.

7 MR. ESPARZA: Let's go to Exhibit 16, page 340 and
8 339. Can you put them upside by side? Actually just do 340.

9 BY MR. ESPARZA:

10 Q. So you're looking at another cashier's check from Bank of
11 America. Who is it paid to, can you see?

12 A. Pay to the order of Ancira.

13 Q. And again who is the remitter under?

14 A. It's Richard Cook and Universal K-9, Inc.

15 Q. And again did you pay any money at all on this vehicle?

16 A. No, no, sir.

17 Q. So you didn't issue any cashier's check?

18 A. No, sir, I did not.

19 Q. Now, you said earlier you never received any salary from
20 Universal K-9, correct?

21 A. Yes, sir.

22 Q. Approximately how long did you work there for without a
23 salary?

24 A. I don't think that I ever actually technically worked
25 there. I was just more of a -- if I could use the term, like

1 consultant, calling me bouncing things off, but never at any
2 time was I employed by the company.

3 Q. Okay. So did you ever receive any money from Mr. Croft?

4 A. He did loan me some money as a friend, but not anything
5 through Universal K-9 or anything like that.

6 Q. So you said he loaned you some money, but that wasn't
7 related to --

8 A. No, had nothing to do with it, just one buddy helping out
9 another.

10 Q. Both of the trucks, the Dodge Rams, the 2014 and 2016, do
11 you know what happened to them afterwards?

12 A. Just from what I've heard from the news and everything
13 else, that you guys confiscated them.

14 Q. These trucks in particular or just you know that some
15 trucks were seized?

16 A. Just some trucks were seized.

17 Q. So you're not a hundred percent sure what happened to the
18 2014 or 2016?

19 A. No, I don't know. You would have to tell me exactly what
20 happened.

21 MR. ESPARZA: No further questions, Your Honor.

22 THE COURT: Cross.

23 MR. BROOKS: Briefly, if I might, Your Honor.

24 CROSS-EXAMINATION

25 BY MR. BROOKS:

1 Q. Mr. Ward, my name is Will Brooks. I'm here representing
2 Brad today. How would you like me to refer to you, Anthony or
3 Mr. Ward?

4 A. Anthony, Tony, I answer to any of those.

5 Q. Tony, just a couple questions, if I might.

6 A. Yes, sir.

7 Q. You were shown a couple of documents, correct?

8 A. Yes, sir.

9 Q. Some being the sales of a Dodge Ram and title and things
10 like that?

11 A. Yes, sir.

12 Q. Others being formation documents for Universal K-9?

13 A. When you say formation documents, can you --

14 Q. Where you were asked if you were an officer or treasurer.

15 A. Yes, sir, I saw those.

16 Q. In respect to those vehicles, the Dodge Ram, do you know
17 how that vehicle was used from the time that it was purchased
18 in 2014?

19 A. I do not know directly. I would assume that it was used
20 for work.

21 Q. And you were listed as the treasurer for that particular
22 business, correct?

23 A. Yes, I was, sir.

24 Q. So as far as you know, that truck was used for work,
25 correct?

1 A. As far as I know.

2 Q. And then in respect to the 2016 Dodge Ram, same question,
3 do you know how that truck was used?

4 A. I do not know directly, but if I had to assume, yes, I
5 would say it probably was used for work.

6 Q. Do you know what Universal K-9 is?

7 A. Yes, sir, I do.

8 Q. What was it in your understanding?

9 A. It was a dog training school, dog training business that
10 ended up becoming a school.

11 Q. And in your words, you allowed Universal K-9 to use your
12 likeness and your name to a point, correct?

13 A. Yes, sir, I did.

14 Q. And you didn't retract that permission until 2017, is that
15 correct?

16 A. Yes, sir.

17 Q. Have you yourself ever owned a small business?

18 A. I've got an LLC called Big T Athletics, LLC.

19 Q. Do you wear different hats for that business?

20 A. Yeah, sometimes.

21 Q. Can it be challenging to do different roles or different
22 tasks?

23 A. Yes, sir, you can't -- you've got to be a good time
24 management person.

25 Q. So it involves different sorts of skill sets, right?

1 A. Yes, sir.

2 Q. What are you doing now, if I might ask?

3 A. I run a pet resort in San Marcos, Texas.

4 Q. You said you got back here after the ski season?

5 A. In April of '17 I got back here after the ski season. And
6 then I've been gone -- I've been going to school in Santa
7 Monica College in -- I went back to Colorado after I left in
8 2017 and worked at a hotel. And then I transferred from that
9 hotel to another hotel and then I was in school taking classes
10 at that time. And I just moved back home probably about three,
11 maybe four months ago. May 23rd was the day that I hit the
12 ground here.

13 Q. So from about 2017 on, you're back and forth between
14 California and Colorado?

15 A. Well, I pretty much been in Colorado, then I went to
16 California for 18 months, then I came here.

17 Q. I'm hanging out with you later.

18 MR. BROOKS: No further questions.

19 THE WITNESS: It's not that glamorous, I promise you.

20 MR. ESPARZA: Just a couple questions, Your Honor.

21 REDIRECT EXAMINATION

22 BY MR. ESPARZA:

23 Q. As an officer, like you were listed as treasurer, did you
24 ever meet with a Stephen Peek or a Richard Cook to hold a
25 business meeting?

1 A. No, sir, I did not.

2 Q. And then just going back to those two Dodge Rams, did you
3 ever take possession and control of the vehicles?

4 A. No, I did not.

5 Q. Who took possession and control of the vehicles?

6 A. I would assume it was Mr. Croft because I wasn't in town
7 when it happened.

8 Q. For the second one, correct? You were in town for the
9 first one, correct?

10 A. Yeah, but I wasn't there when it actually got picked up
11 either.

12 Q. And then in your brief time as a consultant, who in your
13 mind owned and operated Universal K-9?

14 A. From what I knew that I can be absolute, Richard Cook and
15 Mr. Croft.

16 Q. Do you know their positions?

17 A. I couldn't tell you what their formal titles were. I just
18 know that Mr. Cook was the one that actually was listed as the
19 president and that's just because what I read in the newspaper
20 and Mr. Croft was director.

21 Q. What about your personal knowledge, not from the newspaper,
22 but from when you were trying to come on board?

23 A. Oh, I would say both of them were running it.

24 MR. ESPARZA: Okay. No further questions.

25 MR. BROOKS: No further questions at this time, Your

1 Honor.

2 THE COURT: You can just tell me from over there. You
3 don't have to walk all the way over to do it.

4 MR. ESPARZA: Your Honor, we request that he be
5 permanently excused.

6 THE COURT: He can be excused, he doesn't have
7 anything more to offer, I don't think.

8 MR. BROOKS: No objection to that.

9 THE COURT: You can be excused, sir. All right. We
10 will see you tomorrow morning at the usual time and the usual
11 place.

12 MR. SUROVIC: Yes, sir.

13 COURT SECURITY OFFICER: All rise.

14 (4:36 p.m.)

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BENCH TRIAL PROCEEDINGS

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1 * * * *

2 UNITED STATES DISTRICT COURT

3 WESTERN DISTRICT OF TEXAS

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5 I certify that the foregoing is a correct transcript from
6 the record of proceedings in the above-entitled matter. I
7 further certify that the transcript fees and format comply with
8 those prescribed by the Court and the Judicial Conference of
9 the United States.

10

11 Date signed: October 21, 2019

12

13 /s/ Angela M. Hailey

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